AR02

Royal Trust Annual Report 1980

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The Cover

Royal Trust is its people and services. From the upper left, the mail gets through at Calgary; the Ottawa office celebrates its 75th Anniversary with a portfolio by local artists; a smiling face at main branch, Calgary; on the phone at the securities area, Montreal; at work in accounting, Toronto; a pause from work in Montreal accounting; securities trading at Toronto; and on the site with the Royal Trust Energy Corp. near Calgary. Our centrepiece is a smiling secretary, Montreal.

81st Annual Report of
Royal Trust
for the year ended
December 31, 1980
(Consolidated Operations of
Royal Trustco Limited)

Annual Meeting
Thursday, March 12, 1981,
11:00 a.m.,
Royal York Hotel
Toronto

Highlights

(Dollars in thousands,
except per share amounts)

	1980	1979
Gross income	**$ 1,137,627**	$ 894,325
Net income	**37,489**	29,008
Net income per share	**1.91**	1.70
Assets	**8,273,819**	7,064,000
Estimated market value of Estates, Trusts and Agency Accounts under administration	**23,019,000**	18,738,000
Total assets under administration	**31,292,819**	25,802,000
Total number of offices	**297**	285
Total number of employees	**9,380**	9,134

Profile

Royal Trust has served generations of Canadians since its founding in 1899.

Today Royal Trustco Limited is the parent of a group of companies, primarily in Canada with 117 moneyservice branches and 176 real estate offices, but also in Florida and Europe and with associated companies in the Bahamas, Cayman Islands and Bermuda.

Royal Trustco's registered office is in Ottawa and executive offices are in Toronto. Royal Trust Corporation of Canada is the major operating subsidiary, providing trust and real estate services in all provinces except Quebec. The Royal Trust Company continues as the operating subsidiary in Quebec. Our computer subsidiary, Computel Systems Ltd., Ottawa, provides data-processing and associated services to business and governments across Canada and abroad.

In Florida, Royal Trust Bank Corp. of Miami has 7 banks with 19 banking outlets throughout the state.

Royal Trust's European region, based in London, provides banking and trust services in "The City", Ireland, Jersey, C.I., and the Isle of Man and trust facilities in Liechtenstein.

Royal Trust provides a full range of financial, investment, pension, real estate, trustee and other management and administrative services to individuals, corporations and institutions. Royal Trust has grown because through the years it has provided high-quality, innovative financial services and has become both the largest trust company and the largest broker of residential real estate in Canada.

About 99% of our 6,652 shareholders are Canadian and we employ more than 9,000 people.

Kenneth A. White
Chairman, President and
Chief Executive Officer

Chairman's Message

Royal Trust, in 1980, as throughout its existence, worked to maintain the confidence of the public it serves. It did so by calling upon the quality of its services; the talents and dedication of management and staff; the prudent direction of its Board of Directors; and the support of shareholders. We intend to continue to draw strength from the same sources in the future.

As a Company with a broad responsibility to the public, we think it's important that Royal Trust continues its significant contribution to the growth and efficiency of the Canadian capital market. At the same time we are taking the utmost care in the management of the savings and other valued assets entrusted to us by more than one million Canadians. It is expected that this, the 81st annual report of Royal Trust, will demonstrate that your Company is performing at a high level and is succeeding in serving its many constituencies.

You will read in Mr. Scholes' Report on Operations and in the following detailed Financial Review that total income of Royal Trustco Limited in 1980 exceeded $1 billion for the first time in our history. It is a pleasure to report that net income also reached record levels which in a most difficult financial environment, punctuated by sudden and treacherous shifts in interest rates, is no mean accomplishment.

At this very moment, Canada is threading its way across some of the most precipitous economic and political terrain it has encountered during all of the past 113 years of Confederation. With the enviable human and significant other resources we are fortunate enough to enjoy, it would be to our shame, and a tragedy, if we allowed the current divisive mood in our Canadian society to obscure the exciting challenges and the real opportunities that lie within our grasp. Whatever may be the resolution of the discussions concerning our future political framework, it is fervently to be hoped that Canadians will always retain a desire to have Canada as their country, their provinces and their communities. Only with this basic and comforting feeling of belonging can we be sufficiently creative and productive to develop the prosperity necessary to enhance the quality of the lives of all Canadians. Few nations have ever had such an opportunity to re-draw the blueprint for their future in what should be a spirit of tranquility and rational discussion.

Impartial and Objective Trustee

It has been the policy of Royal Trust since its founding in 1899 that ownership of the company should be well dispersed among a number and variety of shareholders so as to ensure that its affairs and those of its clients are managed in a most impartial and objective manner. There are sound reasons for this policy, foremost among which is that your Company's business was founded on the basis that its fiduciary responsibilities must be efficiently discharged.

By various means the early directors and officers of Royal Trust sought to protect clients and public against the possibility that a single shareholder or an associated group of shareholders could control the Company and accordingly the investment policies for the assets entrusted to it by a great number of Canadians and others.

As a Royal Trustco shareholder, you will be aware that this principle of maintaining the independence of the Company was a

fundamental concern of your Board of Directors in recommending that you oppose the takeover bid by the Campeau Corporation in August, 1980.

Because of its size and importance to the country's financial intermediary system; because of the diversity of its activities, and primarily because a large part of its business is fiduciary in nature, Royal Trust supports the Trust Companies Association of Canada in urging the federal government to enact legislation that would prohibit any single shareholder, or group of shareholders, from acquiring an ownership position in excess of 10 percent.

Bank Act

The passage of the Bank Act in November, 1980 significantly expanded the business powers of Canada's chartered banks, including mortgage lending, which has been one of the services traditionally provided mainly by the trust industry. The Bank Act does provide, however, that the trust business should remain in the hands of trust companies.

The establishment of non-Canadian owned banks, as permitted by the Bank Act, will produce even greater competition from the banking sector. It is the intention of Royal Trust to meet this challenge by further developing and expanding those services related to our long-time trust operations which we have carried on for more than 80 years. In keeping with the expanded powers afforded new and old chartered banks, we expect federal legislators to permit more flexibility in commercial lending and other new investment areas for trust companies under a new trust and loan companies act anticipated to come into force sometime in 1981.

The Economy

During 1980, the western world endured an unusual investment climate characterized by extremely high interest rates, which were aggravated by wide and unpredictable rate fluctuations. As you will read in another part of this report, Royal Trust money managers had anticipated some turbulence in world, as well as Canadian financial markets and accordingly took the necessary steps to diversify both the term and composition of its investment portfolios.

The persistence of current high rates of inflation will continue to erode the purchasing power of Canadians as well as their motivation to save. If governments are not prepared to set an example of restraint in spending necessary to bring greater stability to the cost of goods and services, how can we expect the individual Canadian to take seriously the problems of double digit inflation? The economic outlook for 1981 is for a slow and modest recovery from the year of stagnant growth we experienced in 1980. But surely, in this country especially, we can stimulate the ingenuity and determination necessary to create an economic environment conducive to healthy and balanced growth.

Opportunities

In a very real sense, we can create our own future by investing in the Canadian economy now. Royal Trust is an important cog in the mechanism whereby savings are transformed into investments designed to create and cultivate Canada's future growth and prosperity. In the past year, a new subsidiary, Royal Trust Energy Corporation, was formed to develop just this opportunity for new types of investment in energy-related companies. The development of new energy sources is perhaps the most vital problem facing Canada over the next decade, and it is estimated that $300 billion (in constant dollars) must be invested in such projects if Canada is to reach self-sufficiency in energy by the end of this decade. Royal Trust "E" Fund is a vehicle designed to permit individuals to invest in the energy future of Canada through the medium of a diversified equity portfolio.

Directors

In September, 1980, John M. Scholes, Senior Executive Vice-President and Chief Operating Officer, was appointed a Director of Royal Trustco.

Alistair M. Campbell, Chairman of the Executive Committee, Sun Life Assurance Company of Canada, will not be standing for re-election as a Director as he has reached mandatory retirement age. Royal Trust is indeed grateful to Mr. Campbell for his strong support and valued contributions during the 16 years he has been a Director. Mr. Campbell has served as a member of the Executive and Audit Committees since 1966 and gave selflessly of his time and experience in the deliberations of those Committees. We are pleased indeed that he has agreed to continue his connection with Royal Trust by accepting our invitation to become an Honorary Director.

We were saddened by the deaths of G. Blair Gordon, who was a Director from 1948 to 1975 and an Honorary Director thereafter; John L. O'Brien, Q.C., who was a Director from 1963 to 1974 and an Honorary Director thereafter; and Percy M. Fox, who was a Director from 1952 to 1976 and an Honorary Director thereafter.

Officers

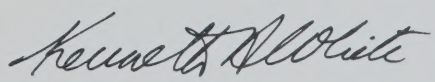
During the year, Ewart A. Wickens was appointed Executive Vice-President, International Banking Operations, Royal Trustco Limited and H. Dennis Madden was appointed Vice-President, International Banking, Royal Trustco Limited.

Richard A. Pallot

Royal Trust experienced a great loss in the sudden death in May, 1980 of Richard A. Pallot, President and Chief Executive Officer of Royal Trust Bank Corp. Ritchie, as he was known to his many friends, joined Royal Trust when we acquired Inter National Bank of Miami (now Royal Trust Bank of Miami, N.A.) in 1972. He was the prime mover in our subsequent and successful expansion program and will be greatly missed.

Acknowledgement

Royal Trust is the sum of all its parts, and the most important element in the success of the company is its people. The photographs in this report acknowledge the vital contribution of the women and men who work at Royal Trust across Canada, in the United States and overseas.



John M. Scholes
Senior Executive Vice-President and
Chief Operating Officer

Report on Operations

The year 1980 was an improvement over 1979, both in total earnings and earnings applicable to common shareholders. Total assets under administration grew to $31.3 billion.

These favourable results were achieved in a year of sluggish economic growth, highlighted by growing inflationary pressures and unprecedented interest rate volatility throughout the western world.

Canadian Operations

The historically high level of interest rates which severely affected profit spreads in our financial intermediary operations in the fourth quarter of 1979 worsened in the first quarter of 1980, but eased somewhat during the balance of the year until the dramatic increase which occurred in December.

In this environment the trend toward a greater proportion of our deposit liabilities being on demand or in the shorter term maturities has accelerated. In fact, virtually all our domestic deposit growth for 1980 was in these areas. During the year, therefore, we continually shifted our asset mix towards shorter term mortgages and securities, as well as interest-sensitive investments. This realignment of our asset mix is still under way and while fluctuating rates will still affect our spreads, we anticipate the impact should be less dramatic as 1981 progresses.

Once again, in 1980 a strong performance by our trust functions together with continued profit growth in our foreign operations helped offset these narrower margins in our Canadian financial intermediary business.

Results were also favourably influenced by rigorous cost control and by profitability and productivity improvement measures initiated by our profitability planning group. This work is continuing with actions proposed or underway to improve the long-term profitability in a number of functions. In 1980, expenses, excluding interest and loan losses, rose 17% compared to 20% in 1979; however, for the Canadian trust subsidiaries this figure was 13% compared to 17%.

Trust Functions

The year 1980 was a very successful and rewarding one for our trust operations. This is partially due to a major programme to improve the profitability of present business, together with an ongoing restructuring of our trust services selling efforts to ensure a steady addition

of new business and the timely introduction of appropriate new products.

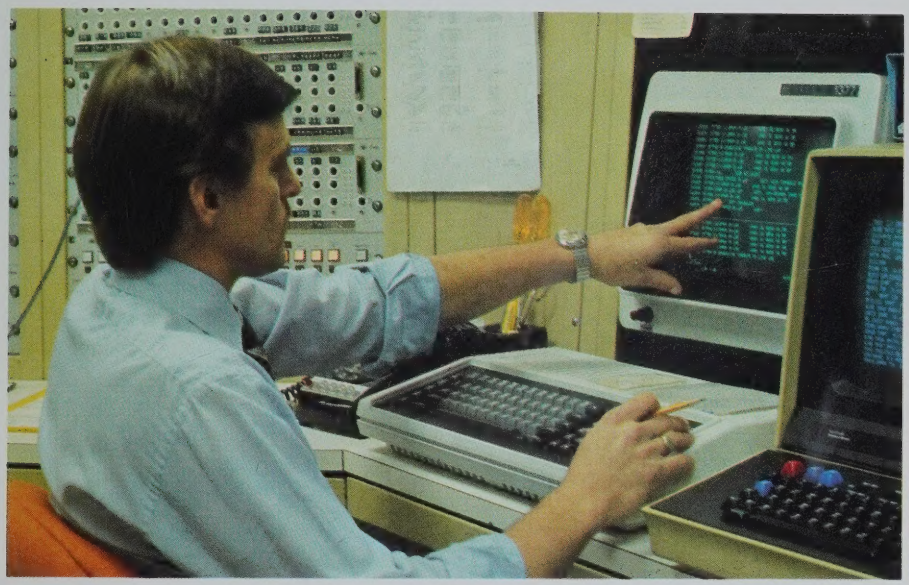
The highlight of the year for Pension Trust, in terms of new products, was the introduction of the Classified Real Estate Trust for pension funds in February. This fund, which makes equity investments in real property, has received considerable attention and by year-end had assets of more than $60 million from some 160 participating clients. In our Classified International Equity fund we made initial commitments on behalf of pension clients in European and Japanese equities early in 1979. The results in 1980 were most gratifying. This $127 million fund had a total return during the year of over 35% with the Japanese section contributing a return of almost 68% due to a combination of stock price appreciation (38.6%) and a stronger currency (+29.2%). As a group, the Classified pooled funds for pension clients exceeded $1 billion in 1980. All told, by year-end, the pension function had in excess of $14 billion of assets under administration. In 1981, we are planning to introduce two new funds for pension accounts, a unitized fund for participating in direct and indirect interests in oil and gas properties (Classified Energy Trust) and an international fund for investing in foreign securities outside the North American markets.

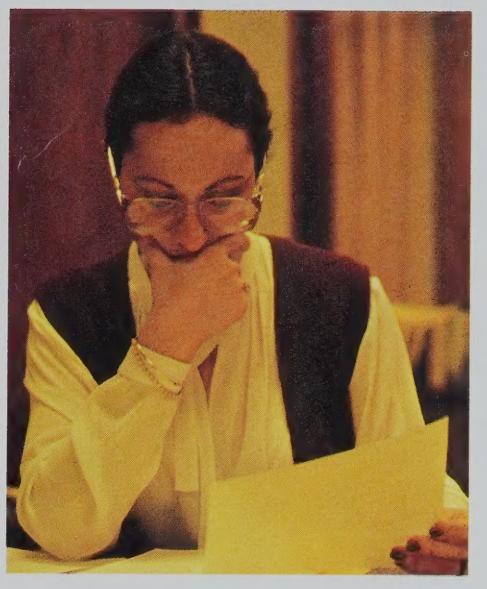
In Personal Trust in recent years we have been giving increasing emphasis to our Self-Directed Registered Retirement Savings Plan services and were encouraged by the 66% growth in revenues from this area during the year. Personal Trust has particularly benefited from our efforts to improve the level of profitability and was a major contributor to overall profits in 1980.

(Clockwise, from left) Anita Frank, librarian, keeps company executives and researchers informed on business, financial and investment matters . . . There's no mistaking the identity of this moneyservice office at the main branch in Calgary . . . Eva Reyes is one of four designers of company offices across Canada.

The hectic activity on the Canadian stock markets during the year had a most positive impact on overall results of the Corporate Trust function and this together with a steady flow of special projects (rights issues, takeovers and a large number of new issues, particularly convertible preferreds) all helped to produce a record level of revenue and profits.

In 1981, we will continue to make significant expenditures in the area of data processing systems to improve productivity and the quality of our services. The providing of trust services to individuals and corporations has always been a cornerstone of our business and we are alert to the need to maintain a high quality of service.





At a terminal at Computel Systems Ltd. national network control centre in Ottawa, Claude Renaud works on a computer program.

Deep in thought in two languages, Véronique Parret works in the company's busy translation department at Montreal.

Mortgages

During the year the trend to shorter term mortgages became even more pronounced as borrowers were reluctant to make long-term commitments in an unsettled environment. Royal Trust satisfied these changing needs but the unprecedented levels and high volatility of interest rates, together with a substantial reduction in annual housing starts for Canada, contributed to a diminishing demand for mortgages in 1980 and consequently a reduced payout. Mortgages under administration on behalf of Royal Trust and other client investors, however, now total $8 billion. It is interesting and gratifying to note that during the economically difficult year just passed, our mortgage delinquency ratio trended downward to 1.27% of the total number of loans that are 30 days or more in arrears.

Real Estate

Income from real estate sales and related services reached a record $149.8 million in 1980, up 19% from the previous year, an improvement which reflects the growth in our sales organization and increased activity in our property investment area.

We continued to expand our sales network through the opening of five new offices in Toronto, Pembroke and Thunder Bay, Ontario; in Edmonton, Alberta; and Nanaimo, B.C. In addition, we obtained through acquisition seven offices in Ottawa and Brantford, Ontario; Calgary and Edmonton, Alberta; and Vernon, B.C. We now have 176 locations from which 3,848 sales agents and managers operate.

New products were introduced during the course of 1980 in the form of a Home Warranty Plan which, in effect, protects the home buyer against serious structural deficiencies; as well as our corporate entry into the timesharing market providing clients with vacation property opportunities.

We believe that our ability to offer real estate, moneyservice, mortgage and trust services provides a unique combination to Canadians. This thought is behind our advertising slogan "Together we can help you better".

In the course of business, Jeanette Juster, a securities trader in the Montreal branch, spends most of the day on the phone.

Computer Support Systems

In the area of computerized systems, 1980 has been a year of significant change. The system development activities were consolidated in Toronto with the introduction of substantial design and programming services by Computel's professional services division. A number of new products and services were introduced, the highlight being the successful conversion to our company-designed on-line banking system and its associated terminal and communications network. The result is a service capability that is as modern and effective as can be found anywhere in Canada.

Moneyservices

In 1980 we saw a marked change in the personal investment patterns of our clients. Because of interest rate instability fewer of them were willing to make longer term commitments and we received significantly more demand-type deposits. This has had its effect on our investment policy which now leans more heavily toward short-term and interest-sensitive investments.

During the year we opened new offices in Midnapore, a suburb of Calgary, and in Nanaimo, B.C., and we relocated offices to new and more convenient sites in Halifax, Oshawa, Toronto, Kitchener, Thunder Bay, Winnipeg and Edmonton.

Growth in our personal lending service was highly satisfactory given the unsettled economic conditions. During the year we completed the introduction of a new computerized loan system which will improve our service to existing and new clients in the years ahead.

Savings and chequing deposits increased by 30% over 1979. There were 420,000 accounts by year end.

Two additional managed funds, "E" Fund and "R" Fund, were launched during the year. These new vehicles will enable our clients to participate in new exciting portfolios of topical investments.

The "E" Fund's assets will be invested primarily in a wide range of shares in Canadian corporations engaged directly or indirectly in energy-related activities including oil, gas, coal, uranium and even energy-saving devices.

The "R" Fund—which is initially available only to RRSP clients in Ontario—will hold assets comprising mainly income-producing commercial and industrial real estate properties in Canada. The Declaration of Trust also permits investment in real estate related assets such as mortgages, including those with equity participation features.

Annette Fuller, accounting controls clerk, examines a report in Montreal branch.

In a Montreal meeting room, Keith Collins, assistant manager, Montreal branch (left), and Gilles Vaillancourt, area manager, moneyservice, wrap up a discussion.

Florida

Royal Trust Bank Corp. continued its impressive growth during 1980, with increases of 16% in total assets, and 13% in total deposits. The number of its offices in Florida is now 19, with the opening of a new facility in the affluent Clearwater market on the state's west coast.

As of January 1, 1981, Royal Trust Bank Corp. introduced interest-bearing chequing accounts—a totally new service throughout the state. Also, a comprehensive personal sales programme was implemented late in 1980, and will be expanded upon during 1981 and the years beyond. In the development stages are an innovative new package of credit-related services and a statewide network of automated teller machines.

An aggressive expansion plan is now underway with the opening of twelve new offices scheduled during 1981. In addition, the company plans to take advantage of recent changes in Florida law and proposes to consolidate operations by merging member banks into a more cost-efficient organization.

European Region

Several important changes, both external and internal, took place in the European Region during 1980, which will have a positive impact on our banking, trust, and other financial services during the coming decade.

The most important external change was the granting to Royal Trust, by the Bank of England, of recognized banking status for the London Company. This now establishes us as a fully fledged commercial bank in the City of London, offering a wide range of domestic and international banking services, including commercial lending, foreign exchange, money market activities, mortgage financing, and deposits.

Our banking activity in Jersey was also expanded during 1980 through the establishment of a separate banking company, which will greatly facilitate the expansion of both domestic and international banking services.

Also in 1980, the Jersey Company experienced a doubling of its expatriate deposit business and an increase of several hundred clients in its expatriate business base, which included clients from the United Kingdom, Canada, the U.S., and the Middle East.

In addition to expanded marketing activities, considerable priority was given to the organizational, administrative and systems improvements necessary to expand and add product lines and services.

Despite deepening recessionary trends and continuing high inflation, the region managed to maintain its profit levels during the year.

Computel

Overall, 1980 was not a profitable year for Computel.

Conditions in the domestic computer service industry continued to reflect rapid growth, intense competition and lack of profitability. During the year, Computel made positive strides in its shift of corporate objectives towards providing clients with a total data processing environment, rather than only selling straight machine time. The integration of SDI Associates (acquired in 1979) was completed during the year, providing the Company with greater resources and a broader range of products to be marketed to the financial industry. While the transfer of the SDI client base to the Computel computer facility was completed to the general satisfaction of its clients, the time and cost involved were greater than originally anticipated and are reflected in Computel's results for the year.

In Saudi Arabia, increased costs have severely affected 1980 results.

During the year, the operations of Computel's unprofitable Florida subsidiary were sold.

Directors, Advisory Boards, Officers, Principal Subsidiaries

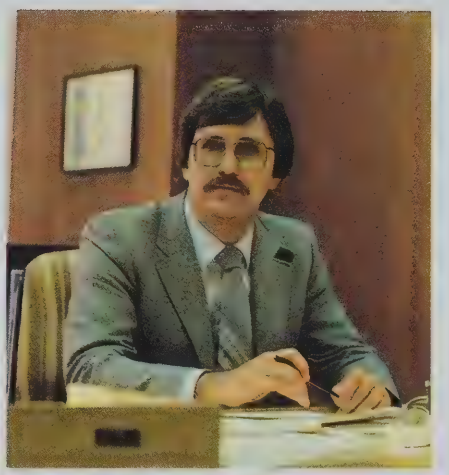
Royal Trust Corporation of Canada: In 1980, John H. Matthews, Senior Executive Vice-President and Chief Operating Officer of Royal Trust Corporation of Canada, was appointed to its Board of Directors.

David B. Ascott, Vice-President, Personal Trust, retired after 34 years of service. Lee Bentley, M. Fraser Blakely and W. Brian Hayman were appointed Vice-Presidents.

Due to the rapid growth of our business in southern Alberta, we established a new Advisory Board in Lethbridge. The first members of the new board are: David Laycock, Chairman, and Branch Manager; Thad O. Ives, Q.C., Senior Partner—Ives and Carleton (Barristers & Solicitors); Hugh H. Michael, the former Chairman of Canbra Foods Limited; Walter R. Ross, Chairman and Chief Executive Officer, Time Air Limited; and Ralph A. Thrall, President, McIntyre Ranching Co. Ltd. We thank these gentlemen for accepting our invitation to serve, and look forward to their support in the years ahead.

There have been some changes in other Advisory Boards.

We were saddened by the death of Laurence F. Daley, Frank A. Schulman, Dr. Boyce E. Sherk and Roger A. Wilson,



(Clockwise from upper left) Against the background of the Peace Tower and the National War Memorial in Ottawa, four employees of Computel Systems Ltd. jog along the Rideau Canal. They are Paul Throop, Peter Lyman, Sue Teixeira and Don Eatherley . . . At his desk in Calgary is John Harley, assistant manager . . . At Montreal, real estate agents Jack Seraidarian, Lise Bourgeois and George Koutsoumanis close another house sale . . . Micheline Asselin, also from Royal Trust Real Estate in Montreal, records another sale on the board.

members of the Halifax, Toronto, St. Catharines and Sarnia Advisory Boards respectively.

At Winnipeg, A. Searle Leach retired and we were pleased to appoint his son, A. Searle Leach, Jr., as a member of that Board. Charles W. Carry retired from the Edmonton Board and we welcomed Roland W. Meeke, President and Chief Executive Officer, Harvey Woods Ltd., to the London Advisory Board.

The Royal Trust Company: Thomas R. Bell, President and Chief Executive Officer, Dominion Textile Inc., was elected to the Board of Directors. Jean A. Pouliot and Herbert A. Simons retired from the Quebec and Sherbrooke Advisory Boards respectively.

Other Subsidiaries

Computel Systems Ltd.: John H. Matthews was appointed a Director during 1980. Ian G. Michie resigned from the Board.

Royal Trust Energy Corporation: Marcel Tremblay was appointed Vice-President, Operations of this new, Calgary-based, subsidiary.

European Region: We were most pleased to welcome His Honour Roy K. Eason, former First Deemster, Clerk of the Rolls and Deputy Governor of the Isle of Man, and Gerrard Smith, as Directors of our bank in the Isle of Man.

Ewart A. Wickens was elected a Director of each of our European subsidiaries. Robert S. Traquair was appointed Vice-President, European Region and Managing Director, The Royal Trust Company of Canada. He was also elected to the Boards of Directors of each of our European subsidiaries.

Florida: Jerry F. Gilliam was appointed Executive Vice-President and Chief Executive Officer of Royal Trust Bank Corp., and was elected to its Board of Directors. During 1980, J. C. Barfield, Jr., resigned as a Director of Royal Trust Bank of Orlando and Jack C. Demetree resigned as a director of Royal Trust Bank of Jacksonville.

Staff

1980 has been a year of difficult operating conditions with unexpected pressures and great challenges for the Company. The results achieved represent the dedication and effort of more than 9,300 staff members. I sincerely acknowledge their contribution and support throughout the year.

At Toronto, in the client services office on the main floor of the Royal Trust Tower, Bethany Dower is the helpful receptionist.

Real estate representative Jean-Louis Ménard (left) and St-Laurent real estate sales manager André Gourd, study a report.

In Florida, Ana Veloso, new accounts representative at the Royal Trust Bank of Miami, serves a customer.

Senior Management

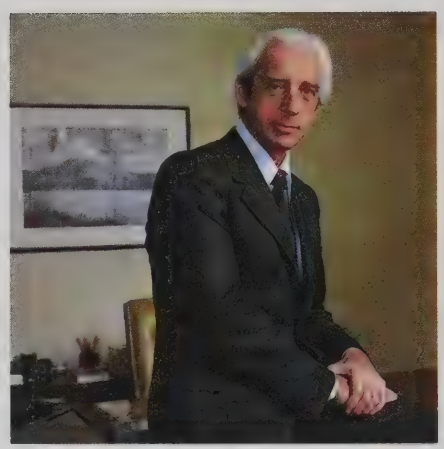
Ewart A. Wickens
Executive Vice-President,
International Banking Operations
Royal Trustco Limited

Richard T. La Prairie
Executive Vice-President,
Finance and Chief Financial Officer
Royal Trustco Limited

John H. Matthews
Senior Executive Vice-President
and Chief Operating Officer
Royal Trust Corporation of Canada

F. Sandy Milligan
Group Vice-President,
Organization and Personnel Planning
Royal Trustco Limited

Senior Management

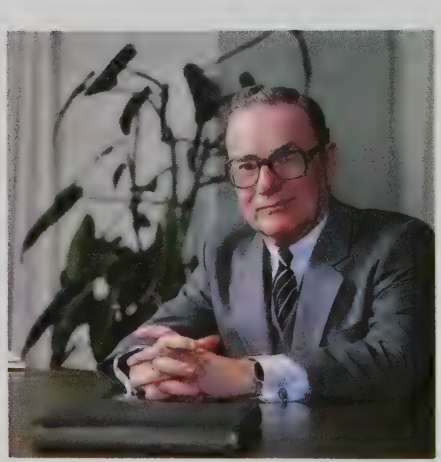


Alan Purdy
Executive Vice-President,
Real Estate and Mortgages
Royal Trust Corporation of Canada

Roland B. Breton
Group Vice-President,
Regional Operations
Royal Trust Corporation of Canada

G. Roger Otley
Group Vice-President,
Investments and Trust Services
Royal Trust Corporation of Canada

Ian D. Sneddon
Group Vice-President,
Marketing and Money Service
Royal Trust Corporation of Canada



Keith C. Pilley
Executive Vice-President
The Royal Trust Company Mortgage Corporation

Financial Section

Common Share Earnings

After deduction for preferred dividends, net income of the Company applicable to common shareholders for 1980 was $31,152,000, which compares to $27,119,000 for 1979, an increase of 15%. On a per share basis, these results represent $1.91 for 1980 and $1.70 for 1979, an increase of 12%. The smaller percentage increase on a per share basis is because of a larger average number of shares outstanding throughout 1980.

Shown by quarterly results, the per share earnings, with comparative figures for 1979, were as follows:

	Quarter				
	1st	2nd	3rd	4th	Year
1980	0.15	0.49	0.76	0.51	1.91
1979	0.23	0.58	0.68	0.21	1.70
Increase (Decrease)	(0.08)	(0.09)	0.08	0.30	0.21

During the year 1980 prevailing rates of interest had a very significant impact on results from quarter to quarter, particularly in our Canadian money operations, where interest spreads (i.e. investment income net of interest paid) became less as rates increased. In the latter part of 1979, interest rates had accelerated upwards reaching a peak early in the second quarter of 1980, after which they declined substantially. They then commenced another upswing in the fourth quarter of 1980 ending the year at a new high level.

The form of presentation of our Consolidated Statement of Income has been revised from that of previous years in order to conform to current reporting practices of financial institutions generally. The accounting standards of our industry recognize investment gains and losses and other similar items as part of the regular course of business, and there is no segregation of results before and after these transactions. For 1980, therefore, the Consolidated Statement of Income discloses net income, omitting the heading of net operating income. The 1979 comparative reporting has been restated accordingly.

If we had reported for 1980 on the same basis as for previous years, earnings per share on the basis of net operating income would have been $1.62 compared to $1.59 for 1979. Net income per share ($1.91 for 1980 and $1.70 for 1979) is not affected by this change.

Fees and Commissions

The declining mortgage market in Canada caused decreased fees earned from mortgage administration, which were down 19%; and managed investment funds (the major components of which are pooled mortgage funds), down 10%. All other fees and commissions increased on average by 19%.

Increases in income from the personal and pension trust services resulted in part from higher stock market prices in Canada during 1980. Fees from these services are based generally on the market value of underlying assets. A combination of adjustments in rates and additional volumes produced increased income growth for both stock transfer and bond trusteeship services. The indicated large increase from computer service fees is due chiefly to the acquisition, in August 1979, by our subsidiary, Computel, of SDI Associates Limited. SDI revenue is shown in consolidated income for a full year in 1980 and only for five months in 1979. This additional revenue was partially offset by reduced revenues brought about by the sale of Computel's Florida business in mid-1980.

Commissions from real estate sales grew by 18%—mostly from sales of residential properties, especially in western Canada where the demand for housing was substantially greater than the national average. Good growth was evident in industrial, commercial and investment properties which reflects the Company's increased activity in this field.

However, net income from real estate sales, as disclosed in the segmented information portion of the financial statements (Note 3), declined because of non-recurring expenses and a higher average percentage pay-out of commissions to sales agents.

Investment Income

Investment income increased by 31%. By individual categories, income from short term deposits increased 41%, securities 88%, mortgages 18% and other loans 31%. The relatively higher percentage increases for the first two categories and the smaller percentage increase for mortgages reflects the change in our investment policy for our Canadian money operations. In order to cope with widely fluctuating interest rates and our depositors' obvious preference for shorter term instruments, a greater emphasis has been placed on floating rate and shorter term investment vehicles.

Upward adjustments in interest rates in 1980 had a more immediate effect on interest rates paid on demand deposits than on the yield earned on offsetting investments. This condition produced a larger percentage increase in the interest expense category, up 33% as compared to the increase for investment income which was up 31%. The larger increase in interest expense caused net investment income after interest expense to increase by only 19%. In addition, it should be noted that investment income includes the reinvestment of proceeds from our issue of convertible preferred shares. Preferred dividends on this issue are not recorded in the financial statements as a deduction from investment income. Preferred dividends increased from $1,889,000 for 1979 to $6,337,000 for 1980, and after allowance for these dividends, the adjusted net investment income increased by 15%. The larger total of preferred dividends for 1980 reflects a combination of two factors: the senior preferred shares were outstanding for all of 1980 and only for a portion of 1979; and a new series of convertible preferred shares was issued in 1980.

Expenses

The increase in expenses, exclusive of interest paid to depositors, loan losses and commissions paid to real estate brokers and sales agents, was $34 million, or 17%.

Salaries increased by 14%, mostly attributable to salary adjustments necessitated by inflation in Canada with even higher acceleration in the U.S. and overseas. The percentage rate of increase for other expenses, exclusive of salaries, was 20%.

As noted previously, the 1980 operating results of our computer subsidiary, Computel, are not directly comparable with the 1979 figures because of the acquisition of SDI in Canada, and the divestiture of Computel Florida in the U.S. Excluding these transactions, the increase in consolidated expenses would have been 14%, which is consistent with the percentage growth for income.

Full provision has been made for estimated losses on all mortgages and other

loans in default. This provision for 1980 of almost $4.5 million represents an increase of 5% over that recorded for 1979.

Other Additions (Deductions)

Net gains on securities increased by $1.4 million, or 27%. Some gains are assessed for tax purposes as income, taxable at full statutory tax rates, while others are assessed as capital transactions, subject to tax on only half the gains. A greater portion of gains realized in 1980 was in the income category and consequently, gains after taxes increased by 17%. The favourable foreign exchange adjustment of $2.4 million, compared with a negative adjustment of $1 million for 1979, resulted chiefly from the reporting in Canadian dollars of our investment in our overseas subsidiaries. The year-end value of the British pound in terms of the Canadian dollar was $2.86 compared with $2.62 at the 1979 year-end.

Income Taxes

The effective tax rate for 1980 was 29% compared with 32% for 1979 and the reasons for this difference are disclosed in Note 9 to the financial statements. The effective tax rate for 1980 was lower mainly because a larger proportion of the 1980 pre-tax income was tax exempt.

Balance Sheet

The balance sheet grew by $1.2 billion, or 17%, an equivalent dollar growth as that recorded for 1979. The Statement of Changes in Financial Position indicates that the growth for both years consisted of $1.1 billion from deposits and borrowings and the remainder from other operations and the addition of new capital.

Although the total deposit growth was identical for both years, its composition was different. In 1980, 65% of the growth came from Canadian operations and the balance of 35% from foreign operations. The 1979 growth was 83% from Canadian and 17% from foreign operations. The 1980 year-end deposits and borrowings were: Canada, $6.6 billion; Overseas, $797 million; United States $408 million; and sundry, $62 million.

Growth of assets, with comparative figures for 1979, was as follows;

	1980	1979
	($ in millions)	
Cash, bank deposits, securities and treasury bills	$ 448	$ 66
Securities	405	275
Mortgages	250	784
Other Loans	99	113
All other assets	8	(9)
	$1,210	$1,229

Analyses covering the maturities of investments and deposits are contained in Notes 4 and 5 to the Financial Statements. These analyses indicate an imbalance between maturities of investments and deposits. At the end of 1980, 66% of deposits and borrowings on demand or with maturities within one year were offset by similar maturities of investments compared with 57% at the end of 1979. This is a positive trend which is expected to continue. Some investments, as well as deposits and borrowings, with maturities beyond one year, carry what are known as floating rates and are subject to adjustment of interest rates based upon prevailing rates, generally the prime rate of one of the chartered banks. Accordingly, at the end of 1980, 75% of our deposits and borrowings subject to interest rate adjustments within one year were offset by investments with similar terms. At the 1979 year-end, investments offsetting those deposits totalled 61%.

Shareholders' equity increased by $77 million of which $61 million was new capital. A detailed analysis of the increase in shareholders' equity is provided by Note 8 (v) to the Financial Statements.

Return on Shareholders' Equity

Net income applicable to common shareholders was $31 million. This represents a return on average common shareholders' equity of 15.7% as compared to 15.1% for 1979.

Dividends

Operating results for the third quarter of 1980 indicated a return to our long-term trend of profit growth, and consequently, the Directors approved an increase in the quarterly dividend rate at their October meeting, from 23 cents to 28 cents. The previous rate of 23 cents had been in effect for seven previous quarters. In 1980, dividends on common shares aggregated 97 cents compared to 92 cents for 1979.

Shareholders' Statistics

	1976	1977	1978	1979	**1980**
Common shares (Note):					
Number of shareholders	7,161	7,799	8,518	8,803	**6,652**
Average shares outstanding	14,661,000	15,911,000	15,937,000	15,981,000	**16,342,000**
Number of shares traded	1,552,000	1,988,000	2,695,000	2,679,000	**12,679,000**
Price range—high	$18⅝	$14	$15	$17½	**$21¾**
—low	$11⅝	$10⅞	$11¾	$13	**$12**
—close	$13⅛	$12¾	$13½	$14⅛	**$18¾**
Net income per common share	$1.31	$1.33	$1.81	$1.70	**$1.91**
Dividends per common share	$0.69	$0.72	$0.82	$0.92	**$0.97**
Price earnings ratio—high	14	11	8	10	**10**
—low	9	8	6	8	**6**

Convertible preferred shares:	**1980**
Number of shareholders	**1,413**
Average shares outstanding	**2,096,000**
Number of shares traded	**1,498,000**
Price range—high	**$31¼**
—low	**$25¾**
—close	**$26¼**
Number of shares converted to common	**445,519**

Note:

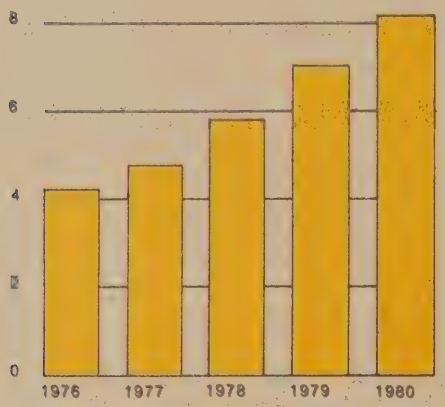
(i) Common shares adjusted for share exchange in 1978

(ii) "V-Day" valuation prices of common shares for Canadian capital gains tax purposes:

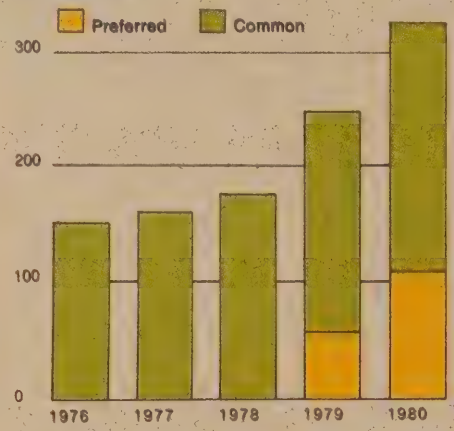
Original price established by Department of National Revenue December 22, 1971	$37.50
After March 14, 1973 stock split	18.75
After December 1, 1978 share exchange	14.06

Charts

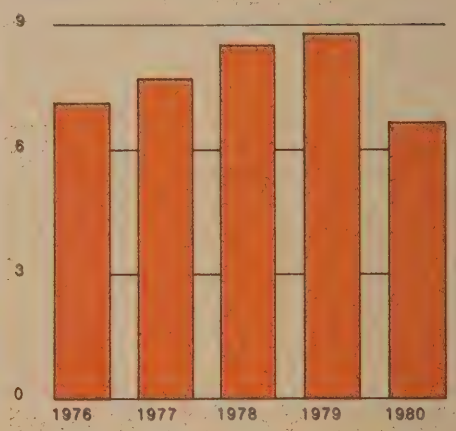
Total Assets
billions of dollars



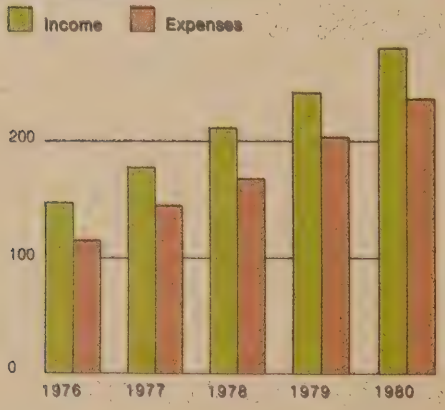
Shareholders' Equity
millions of dollars



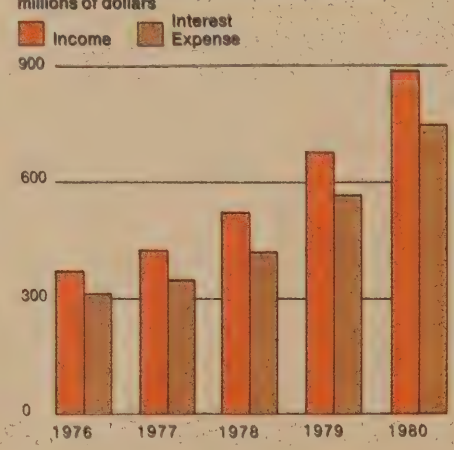
Number of Common Shareholders
thousands



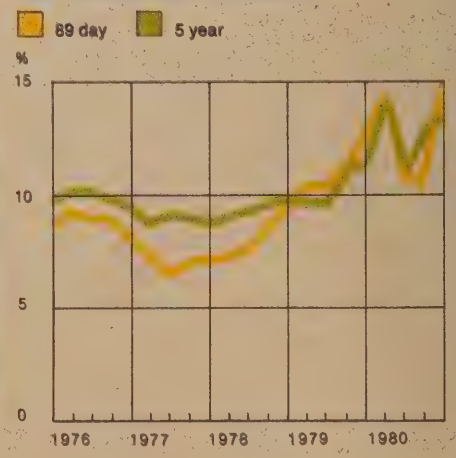
Total Income (Net of interest expense and commissions to agents) **vs. Expenses**
millions of dollars



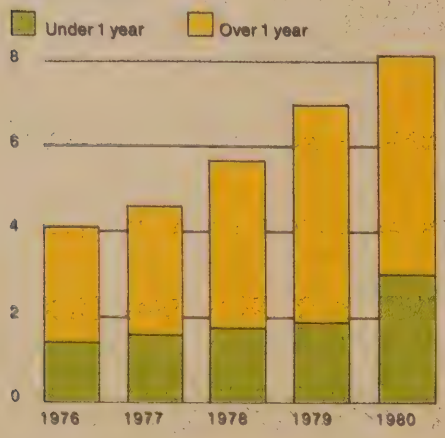
Financial Income vs. Interest Expense
millions of dollars



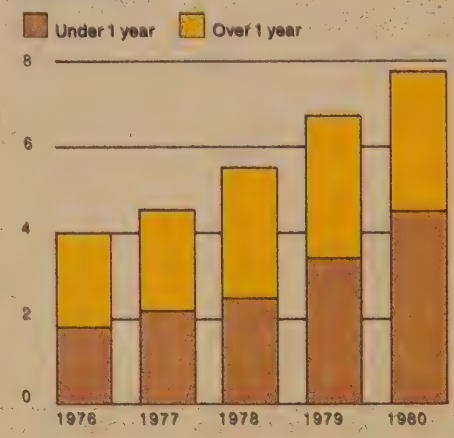
GIC Interest Rates in Canada



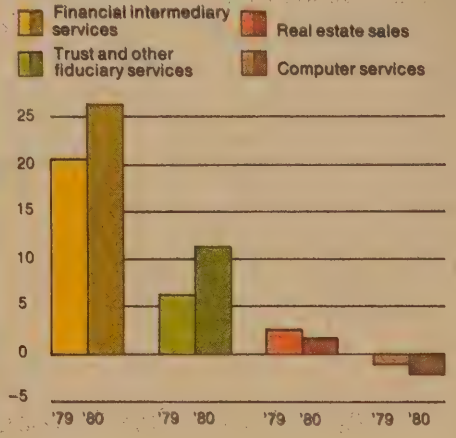
Maturities of Investments
billions of dollars



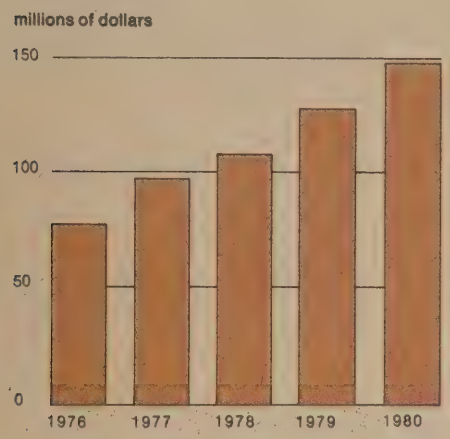
Maturities of Deposits and Borrowings
billions of dollars



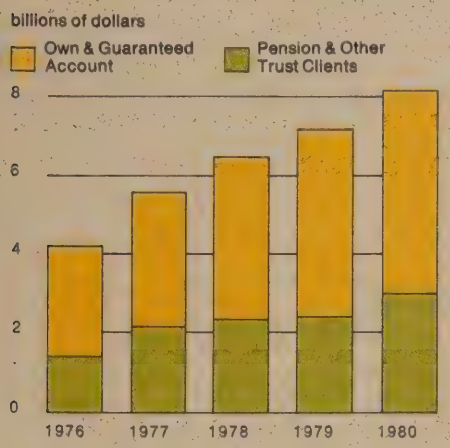
Net Income by Service
millions of dollars



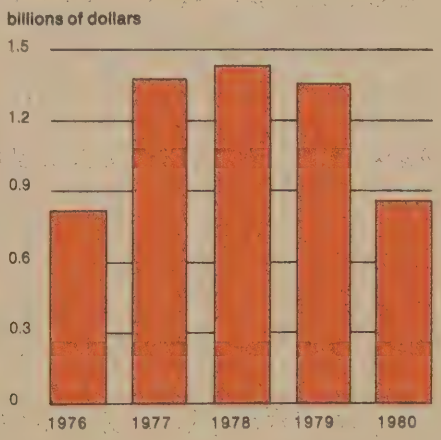
Real Estate Sales



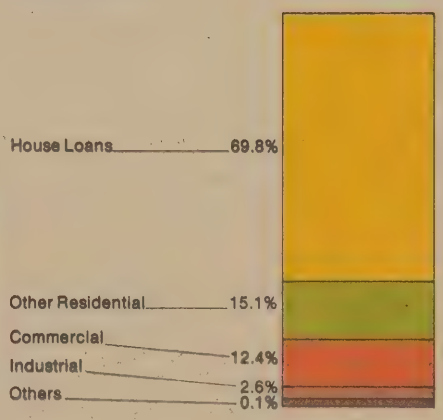
Mortgages Under Administration



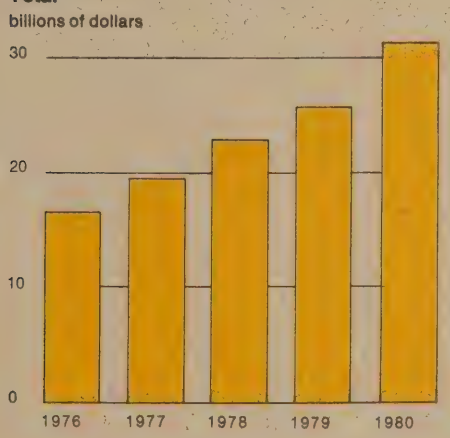
Mortgage Disbursements



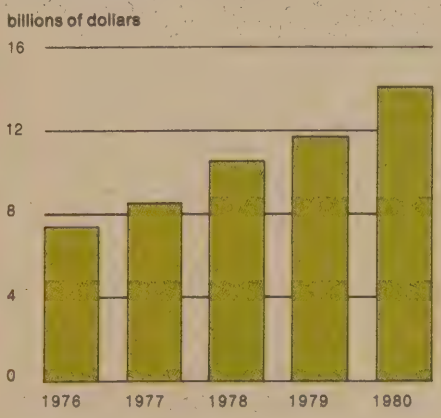
Mortgages
Type of Collateral



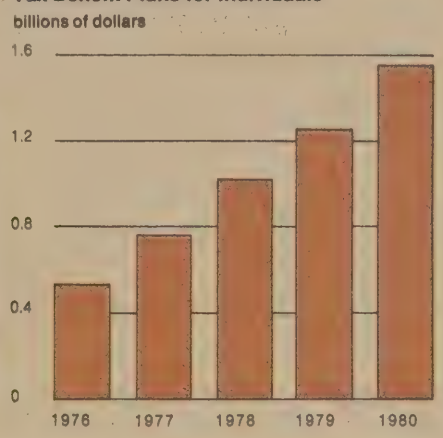
Assets Under Administration
Total



Assets Under Administration
Pension Trust



Assets Under Administration
Tax Benefit Plans for Individuals



Consolidated Balance Sheet—
Royal Trustco Limited

Assets

as at December 31	1980	1979
Investments (Note 4)		
Cash, bank deposit receipts and treasury bills	**$1,281,513,000**	$ 833,031,000
Securities	**1,249,352,000**	844,179,000
Mortgages	**5,055,556,000**	4,806,041,000
Other loans	**436,354,000**	337,303,000
Receivables under equipment leases, net of unearned income (Note 5)	**128,241,000**	130,386,000
	$8,151,016,000	$6,950,940,000
Other Assets		
Income taxes recoverable (payable)	**$ 1,272,000**	$ (1,934,000)
Accounts receivable	**25,821,000**	25,907,000
Premises, equipment and leasehold improvements at cost less accumulated depreciation and amortization	**62,353,000**	54,520,000
Unamortized debenture discount and underwriting commissions	**636,000**	1,078,000
Investment in affiliates	**9,255,000**	9,150,000
Excess of cost of investment in subsidiaries over acquired equity in net assets	**23,466,000**	24,339,000
	$ 122,803,000	$ 113,060,000
	$8,273,819,000	$7,064,000,000

Approved by the Board

Kenneth A. White
Director

Alistair M. Campbell
Director

Liabilities and Shareholders' Equity

as at December 31	1980	1979
Deposits and Borrowings (Note 5)		
Deposit certificates	**$6,012,911,000**	$5,221,272,000
Savings and chequing accounts	**1,401,480,000**	1,032,894,000
Short term notes	**173,058,000**	176,542,000
Debentures	**236,573,000**	276,519,000
	$7,824,022,000	$6,707,227,000
Other Liabilities		
Accounts payable and other liabilities	**$ 26,502,000**	$ 18,680,000
Mortgages payable (Note 6)	**17,044,000**	17,339,000
	$ 43,546,000	$ 36,019,000
Deferred Income Taxes (Note 9)	**$ 75,824,000**	$ 68,061,000
Minority Interest in Subsidiary Companies	**$ 5,953,000**	$ 5,602,000
Shareholders' Equity		
Capital Stock (Note 8)		
Senior preferred	**$ 59,043,000**	$ 59,043,000
Convertible preferred	**48,862,000**	
Common	**104,549,000**	90,801,000
Retained earnings	**112,020,000**	97,247,000
	$ 324,474,000	$ 247,091,000
	$8,273,819,000	$7,064,000,000

Auditors' Report

Clarkson Gordon
Chartered Accountants

To the Shareholders of Royal Trustco Limited:

We have examined the consolidated balance sheet of Royal Trustco Limited as at December 31, 1980 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
January 29, 1981

Clarkson Gordon
Chartered Accountants

Consolidated Statement of Income—Royal Trustco Limited

for the year ended December 31		1980	1979 (note 2)
Income			
Fees and commissions from			
Estates, trusts & agencies		**$ 27,796,000**	$ 23,554,000
Real estate sales and other services		**149,808,000**	126,354,000
Stock transfer agencies & bond trusteeships		**8,220,000**	6,939,000
Pension trusts & institutional accounts		**12,411,000**	10,905,000
Mortgage administration		**6,533,000**	8,044,000
Managed investment funds		**10,281,000**	11,365,000
Computer services		**28,752,000**	23,255,000
Miscellaneous		**3,335,000**	2,817,000
Total fees and commissions		**$ 247,136,000**	$213,233,000
Investment income from			
Short term deposits		**$ 158,440,000**	$112,346,000
Securities and equipment leases		**145,638,000**	77,291,000
Mortgages		**542,757,000**	458,047,000
Other loans		**43,656,000**	33,408,000
Total investment income		**$ 890,491,000**	$681,092,000
Total income		**$1,137,627,000**	$894,325,000
Expenses			
Interest paid		**$ 759,407,000**	$570,716,000
Salaries, pension and other staff benefits		**119,877,000**	104,793,000
Commissions to real estate brokers and sales agents		**98,708,000**	82,751,000
Premises (net after rental income)		**27,047,000**	22,561,000
Provision for loan losses		**4,473,000**	4,271,000
Other expenses (Note 10)		**84,264,000**	70,111,000
Total expenses		**$1,093,776,000**	$855,203,000
		$ 43,851,000	$ 39,122,000
Other additions (deductions)			
Net gains on securities		**6,606,000**	5,211,000
Foreign exchange adjustments		**2,411,000**	(1,052,000)
Net gains on disposal of premises		**504,000**	91,000
Income before income taxes		**$ 53,372,000**	$ 43,372,000
Income taxes (Note 9)—current	$6,135,000		1,630,000
—deferred	9,302,000	**15,437,000**	12,346,000
Net income before interest of minority shareholders		**$ 37,935,000**	$ 29,396,000
Minority interest		**446,000**	388,000
Net income		**$ 37,489,000**	$ 29,008,000
Net income applicable to			
Senior preferred shares		**$ 4,723,000**	$ 1,889,000
Convertible preferred shares		**1,614,000**	
Common shares		**31,152,000**	27,119,000
		$ 37,489,000	$ 29,008,000
Net income per common share (Note 11)			
Basic		**$1.91**	$1.70
Fully diluted		**1.88**	1.70

Consolidated Statement of Retained Earnings

for the year ended December 31	1980	1979
Balance, January 1	**$ 97,247,000**	$ 82,732,000
Net income for the year	**37,489,000**	29,008,000
Expense of issue of preferred shares	**(1,191,000)**	
Premium on sale of preferred shares		772,000
Adjustment of expense of share exchange		535,000
	$ 133,545,000	$ 113,047,000
Deduct: Dividends paid (Note 8)	**21,525,000**	15,800,000
Balance, December 31	**$ 112,020,000**	$ 97,247,000

Consolidated Statement of Changes in Financial Position

for the year ended December 31	1980	1979 (note 2)
Source of Funds		
Increase in deposits and borrowings	**$1,116,795,000**	$1,150,082,000
Operations		
Net income	**37,489,000**	29,008,000
Depreciation, deferred taxes and other non-cash items charged against net income	**18,790,000**	20,522,000
Shares subscribed under employees' stock option	**1,905,000**	
Net proceeds from sale of preferred shares	**58,809,000**	59,815,000
Adjustment of expense of share exchange		535,000
	$1,233,788,000	$1,259,962,000
Less: Dividends paid in cash	**20,820,000**	15,531,000
Additions to properties (net)	**15,633,000**	7,635,000
Other—net	**(2,741,000)**	5,716,000
Net funds provided for investment	**$1,200,076,000**	$1,231,080,000
Funds invested as follows		
Cash, bank deposit receipts and treasury bills	**$ 448,482,000**	$ 65,626,000
Securities	**405,173,000**	275,071,000
Mortgages	**249,515,000**	783,719,000
Other loans	**99,051,000**	113,026,000
Receivables under equipment leases	**(2,145,000)**	(6,362,000)
Net increase in investments	**$1,200,076,000**	$1,231,080,000
Investments, January 1	**6,950,940,000**	5,719,860,000
Investments, December 31	**$8,151,016,000**	$6,950,940,000

Notes to the Consolidated Financial Statements

1. Corporate Organization

Royal Trustco Limited, incorporated under the Canada Business Corporations Act, is the parent of the Royal Trust group of companies, the principal members of which are Royal Trust Corporation of Canada and The Royal Trust Company, its trust company subsidiaries in Canada, The Royal Trust Company of Canada (a U.K. corporation), Royal Trust Bank (Jersey) Limited, The Royal Trust Company of Canada (C.I.) Ltd. (in Jersey, the Channel Islands), Royal Trust Bank (Ireland) Limited, Royal Trust Bank (Isle of Man), Royal Trust Bank Corp. (in Florida), The Royal Trust Company Mortgage Corporation, Royal Trustco Mortgage Company, Computel Systems Ltd., The Bankers' Trust Company, Royal Agencies Ltd., Builders Financial Co. Limited, Place d'Armes Realty Co. Ltd., Doreal Investments Ltd. and The Royal Trust Company (International) Ltd.

2. Accounting Policies

(i) Principles of consolidation

All subsidiary companies are included in the consolidated financial statements with the exception of BM-RT Ltd. which is 50.1% owned by the Company and is referred to below under investment in affiliates.

(ii) Excess of cost of investment in subsidiaries over acquired equity in net assets

The excess of cost of investment in subsidiaries over the acquired equity in their net assets is being amortized over 20 years, with the exception of banking subsidiaries in Florida which in accordance with U.S. banking practice is being amortized over 40 years.

(iii) Investment in affiliates

Investment in affiliates includes BM-RT Ltd. which is 50.1% owned by the Company. BM-RT Ltd. is adviser to the publicly held BM-RT Realty Investments, a real estate trust. BM-RT Ltd. serves as the official conduit for funding the operations of the trust and as such its assets consist almost entirely of funds advanced to the trust from proceeds of the public issue of debentures and short term notes by BM-RT Ltd. The Company either directly or through its investment in BM-RT Ltd. is the owner of only 7.03% of the trust and the consolidation of the assets, liabilities and operations of the adviser with those of the Company would not be appropriate. The Company's share of earnings of BM-RT Ltd. has been included in fees from managed investment funds in the Consolidated Statement of Income.

Investments in other affiliates are recorded at cost and income is reflected in the Consolidated Statement of Income when realized through dividends paid by these affiliates.

(iv) Foreign currencies

All amounts in foreign currency have been translated into Canadian dollars at the rates of exchange prevailing at the end of the year.

Adjustments arising on translation of currencies are included in the Consolidated Statement of Income.

(v) Depreciation policies

Premises, equipment and leasehold improvements are depreciated over their estimated useful lives, as follows:

On the straight-line method:

Premises of real estate subsidiary
(carrying value of $20,399,000)—over 75 years
Leasehold improvements—over 5 years

On the declining balance method:

Equipment and other assets—at approximately 20% per year

Gains or losses on disposal of fixed assets are recognized in earnings. Depreciation of premises and equipment and amortization of leasehold improvements charged to operations amounted to $7,730,000 in 1980 and $6,487,000 in 1979.

(vi) Recognition of income and expenses

With the exception of fees for administration of estates, fees and commissions are recorded as earned. Estate administration fees are chargeable only upon the completion of preliminary administration and no provision is made in the Company's accounts for fees on work in progress. Debt discount and underwriting commissions are amortized over the term of the issues. Income from dividends and interest is accrued on a daily basis except dividends on common shares which are accrued when declared.

Delinquencies on mortgages and other loans are reviewed monthly and, if required, an appropriate provision is recorded in the Company's accounts for estimated losses. Mortgages and other loans are considered as delinquent when payments of principal or interest are in arrears for 60 days at which time legal collection procedures usually are commenced.

(vii) Investments

Investments are recorded at cost adjusted for the amortization of premiums to the earlier of maturity or call dates and for discounts, to maturity dates. The individual balance sheet classifications for Investments include applicable accrued interest and dividends.

Gains and losses on securities, based on average cost, are recorded only upon sale of such securities except when there is a default to pay either principal or interest, or when there is what is considered to be a permanent decline in value, at which time a provision to cover estimated losses is recorded.

(viii) Leasing transactions

The Company's leasing operations consist principally of the leasing of aircraft, railway rolling stock and ships. The leases expire over a period of 10 to 14 years.

The equipment leasing transactions are recorded as loans receivable and rental payments are treated as blended payments of principal and interest to amortize such loans over the period of the lease.

Any gains resulting from the residual values of leased assets are reflected in earnings only when realized.

(ix) Trust funds

Trust assets under administration are kept separate from the Company's assets and are excluded from the consolidated balance sheet.

In the Company's Canadian deposit taking operations, deposits are required by legislation to be treated as trust funds ("Guaranteed Trust Funds") and accordingly, the related assets are so earmarked and segregated from the company's corporate assets. However, for purposes of financial reporting, these assets and deposit liabilities are recorded in the company's consolidated balance sheet.

(x) Income taxes

The Company follows the tax allocation method of accounting for income taxes. Under this method income taxes are calculated on the basis of reported income rather than on income currently taxable.

No provision is made for withholding taxes or Canadian taxes which would be exigible on dividends from foreign subsidiaries, if it is intended that the earnings of the subsidiaries will be retained by them.

(xi) 1979 comparative figures

The basis of presentation of 1979 comparative figures has been changed to conform with the presentation adopted in 1980. The more significant changes include a regrouping of certain items of income and expenses in reporting "net income" in the Consolidated Statement of Income and changes to show net funds provided for investment in the Consolidated Statement of Changes in Financial Position.

3. Segmented Information

The following summarizes operating results by major classes of business as determined by the directors of the Company:

	1980					
	Financial intermediary services	Trust and other fiduciary services	Real estate sales	Computer Services	Elimination	Consolidated Total
Total income	$868,451,000	$92,554,000	$147,870,000	$28,752,000		$1,137,627,000
Transfer between services				9,412,000	(9,412,000)	
Income by service	868,451,000	92,554,000	147,870,000	38,164,000	(9,412,000)	1,137,627,000
Income before income taxes	28,838,000	23,108,000	4,121,000	(2,695,000)		53,372,000
Net income	$ 26,598,000	$11,297,000	$ 1,819,000	$ (2,225,000)		$ 37,489,000

	1979					
	Financial intermediary services	Trust and other fiduciary services	Real estate sales	Computer Services	Elimination	Consolidated Total
Total income	$667,706,000	$78,501,000	$124,863,000	$23,255,000		$ 894,325,000
Transfer between services				7,463,000	(7,463,000)	
Income by service	667,706,000	78,501,000	124,863,000	30,718,000	(7,463,000)	894,325,000
Income before income taxes	27,052,000	12,658,000	5,553,000	(1,891,000)		43,372,000
Net income	$ 21,006,000	$ 6,416,000	$ 2,628,000	$ (1,042,000)		$ 29,008,000

The above categories relate to the income headings in the Consolidated Statement of Income as follows: "Financial intermediary services" represents investment income while "Trust and other fiduciary services" covers all fees and commissions except income from real estate sales and computer services which are shown separately.

Geographically, operating results were derived as follows:

	1980			
	Canada	United States	Europe and elsewhere	Consolidated Total
Total income	$ 966,464,000	$ 50,988,000	$120,175,000	$1,137,627,000
Income before income taxes	42,577,000	5,879,000	4,916,000	53,372,000
Net income	$ 30,964,000	$ 3,733,000	$ 2,792,000	$ 37,489,000
Total assets employed	$6,979,537,000	$459,609,000	$834,673,000	$8,273,819,000

	1979			
	Canada	United States	Europe and elsewhere	Consolidated Total
Total income	$ 785,678,000	$ 39,917,000	$ 68,730,000	$ 894,325,000
Income before income taxes	33,460,000	3,582,000	6,330,000	43,372,000
Net income	$ 23,123,000	$ 2,014,000	$ 3,871,000	$ 29,008,000
Total assets employed	$6,171,996,000	$389,385,000	$502,619,000	$7,064,000,000

There are no material transfers between geographic areas.

4. Investments

(i) Maturities of investments

	Cash and marketable Securities	Mortgages, other loans and leases	Total	%
December 31, 1980				
Within 1 year	$1,587,664,000	$1,421,076,000	$3,008,740,000	36.9
1 to 2 years	119,090,000	1,258,611,000	1,377,701,000	16.9
2 to 3 years	106,806,000	1,110,069,000	1,216,875,000	15.0
3 to 4 years	80,991,000	1,028,527,000	1,109,518,000	13.6
4 to 5 years	85,472,000	480,565,000	566,037,000	6.9
Beyond 5 years	307,609,000	321,303,000	628,912,000	7.7
No maturity	243,233,000		243,233,000	3.0
	$2,530,865,000	$5,620,151,000	$8,151,016,000	100.0
December 31, 1979				
Within 1 year	$1,061,927,000	$ 929,826,000	$1,991,753,000	28.7
1 to 2 years	80,307,000	695,787,000	776,094,000	11.2
2 to 3 years	95,678,000	1,199,616,000	1,295,294,000	18.6
3 to 4 years	81,424,000	1,006,277,000	1,087,701,000	15.6
4 to 5 years	30,575,000	1,062,093,000	1,092,668,000	15.7
Beyond 5 years	149,867,000	380,131,000	529,998,000	7.6
No maturity	177,432,000		177,432,000	2.6
	$1,677,210,000	$5,273,730,000	$6,950,940,000	100.0

(ii) Market value of securities

	1980		1979	
	Cost	Market	Cost	Market
Bonds of, or guaranteed by, governments of Canada, U.S.A. and U.K.	$ 150,401,000	$ 140,514,000	$147,488,000	$139,256,000
Bonds of, or guaranteed by, other governments	398,340,000	398,729,000	202,373,000	201,948,000
Obligations of corporations	375,752,000	376,392,000	316,886,000	317,713,000
Preferred shares	262,293,000	238,722,000	132,812,000	124,533,000
Common shares	62,566,000	75,238,000	44,620,000	51,036,000
	$1,249,352,000	$1,229,595,000	$844,179,000	$834,486,000

5. Deposits and Borrowings

(i) Maturities

	Total	%
December 31, 1980		
Within 1 year	$4,572,940,000	58.4
1 to 2 years	715,925,000	9.2
2 to 3 years	978,779,000	12.5
3 to 4 years	588,469,000	7.5
4 to 5 years	738,775,000	9.5
Beyond 5 years	229,134,000	2.9
	$7,824,022,000	100.0
December 31, 1979		
Within 1 year	$3,494,021,000	52.1
1 to 2 years	843,966,000	12.6
2 to 3 years	651,201,000	9.7
3 to 4 years	943,370,000	14.1
4 to 5 years	581,587,000	8.6
Beyond 5 years	193,082,000	2.9
	$6,707,227,000	100.0

(ii) Equipment lease obligations

The Company has assumed the debt obligations of other parties involved in equipment lease financing. These obligations, amounting to $81,134,000 as at December 31, 1980 ($84,761,000 in 1979), are included in both Borrowings and Investments in the Consolidated Balance Sheet.

6. Mortgages Payable

The principal mortgage of $17,008,000 bears interest at the rate of 6⅞% and matures April, 1994. Total principal instalments due in 1981 amount to $310,000.

7. Commitments and Contingencies

(i) Outstanding commitments as at December 31, 1980 for future advances to be secured by mortgages and for advances to be made on equipment leases are $184,283,000 of which $13,710,000 are for trust clients whose accounts are administered by the Company.

(ii) The Company has contractual obligations in respect of leases payable as follows:

	Total sums payable
Within 5 years	$ 78,484,000
6 to 10 years	38,427,000
11 to 15 years	15,719,000
16 to 20 years	11,053,000
21 to 25 years	8,843,000
	$152,526,000

$9,601,000 of this amount relates to a partially owned subsidiary. Rents in 1980 were $17,294,000.

(iii) A subsidiary is Trustee and Manager of Royal Trust M Fund, the purpose of which is the investment of the fund's assets in first mortgages on properties in Canada. It is anticipated that there will be ample cash and marketable securities available to cover the withdrawal by participants in the fund from time to time. However, should the withdrawals exceed the cash and marketable securities then available, the subsidiary has guaranteed to find a purchaser for such number of the mortgages held by the fund at a price not less than 95% of the value thereof as will realize sufficient funds to enable such withdrawals to be made.

As at December 31, 1980 total assets of Royal Trust M Fund aggregated $611,525,000 including $25,271,000 in bank deposits and interest receivable and $586,254,000 in mortgages.

(iv) On December 16, 1980 the Company declared cash and stock dividends on common shares of $0.28 to be paid on February 12, 1981 to shareholders of record January 30, 1981 (refer note 8(ii)). The Company also declared on December 16, 1980 a $2.00 per share dividend on senior preferred shares to be paid on February 1, 1981 and $0.46875 per share cash and stock dividends on convertible preferred shares to be paid on February 14, 1981 to shareholders of record January 30, 1981 (refer note 8(iii)).

(v) On July 2, 1976 an action was instituted in the Supreme Court of Ontario against a subsidiary claiming damages in the amount of $15,000,000 for breach of an alleged contract. Judgment against the subsidiary was rendered August 28, 1980 assessing damages in the amount of $1,300,000 plus interest and costs which has been appealed by both parties.

8. Capital Stock

(i) The Company's authorized capital consists of an unlimited number of no par value Class A and Class B common shares which are interconvertible, 890,429 $8 cumulative no par value, non-voting senior preferred shares redeemable at $100 and an unlimited number of preferred shares. The senior preferred shares were designated as senior by Articles of Amendment dated June 27, 1980.

The Articles of the Company provide that the number of common shares that may be voted by any one registered shareholder and persons associated with such shareholder at any meeting of shareholders is limited to 10% of the outstanding common shares.

At December 31, 1980 the issued capital consisted of an aggregate of 16,829,137 Class A and B common shares, 590,429 senior preferred shares and 1,954,481 Series A and Series B $1.875 cumulative redeemable convertible preferred shares.

(ii) Class A common shares are convertible into Class B common shares at the holder's option. In addition, Class B common shares are convertible into Class A common shares at the holder's option. Each class of common shares has identical rights, privileges and conditions except that dividends declared on Class B common shares are stock dividends of fully paid and non-assessable Class B common shares. Stock dividends, when declared, are substantially equivalent in value to cash dividends contemporaneously declared on each Class A common share on the basis of the average closing sale price as recorded on The Toronto Stock Exchange for the five trading days immediately preceding the dividend declaration date. During 1980, 47,932 Class B common shares were issued as stock dividends on Class B common shares for a value of $705,000.

(iii) On August 6, 1980, 2,400,000 Series A $1.875 cumulative redeemable convertible preferred shares were issued for the sum of $60,000,000 less expenses of issue of $1,191,000 net of income taxes.

These preferred shares are interchangeable into Series B $1.875 cumulative redeemable convertible preferred shares except in the case of non-resident shareholders. Series A and Series B preferred shares are convertible at any time prior to the close of business on August 14, 1987 into Class A and Class B common shares respectively on a conversion basis of 1.425 common shares for each preferred share. To December 31, 1980, 445,519 preferred shares had been converted into 634,865 common shares leaving 1,954,481 preferred shares outstanding at December 31, 1980.

Series A and Series B preferred shares have identical rights, privileges and conditions except that dividends declared on Series B preferred shares are stock dividends of fully paid and non-assessable Class B common shares substantially equivalent in value to the cash dividends on Series A.

(iv) Under executives' and employees' stock option plans introduced in 1980, 150,984 fully paid common shares were issued during 1980 for a total consideration of $1,905,000.

Under the employees' plan which expires January 31, 1981, employees are entitled to purchase specified amounts of the Company's shares at 10% less than the market price at the time of granting of the options. Under the executives' plan which expired April 30, 1980, executives were entitled to purchase specified amounts of the Company's shares at the market price at the time of granting of the options. The total shares subject to outstanding options at December 31, 1980 is 72,660.

(v) Summary statement of shareholders' equity as at December 31, 1980
(Dollars in thousands)

	Capital Stock			Retained Earnings	Total Shareholders' Equity
	Senior Preferred	Convertible Preferred	Common		
Balance January 1, 1980	$59,043		$ 90,801	$ 97,247	$247,091
Issue of preferred shares		$60,000		(1,191)	
Preferred shares converted to common shares		(11,138)	11,138		
Common shares issued under stock options			1,905		
Net income				37,489	
Dividends paid					
cash—preferred				(5,725)	
—common				(15,095)	
shares—common			705	(705)	
Net changes in year		48,862	13,748	14,773	77,383
Balance December 31, 1980	$59,043	$48,862	$104,549	$112,020	$324,474

9. Income Taxes

(i) Reconciliation of statutory and effective rates of income tax:

	1980	%	1979	%
Income before income taxes	$53,372,000		$43,372,000	
Tax expense at statutory federal rate	$25,512,000	47.8	$19,951,000	46.0
Changes from statutory federal rate resulting from				
Provincial taxes net of federal tax benefit	1,198,000	2.2	919,000	2.1
Non-deductible expenses including operating loss of subsidiary	3,174,000	5.9	1,680,000	3.9
Tax exempt investment income	(13,255,000)	(24.8)	(8,002,000)	(18.5)
Differential on foreign taxes on non-Canadian subsidiaries	(1,192,000)	(2.2)	(572,000)	(1.3)
Actual income tax expense	$15,437,000	28.9	$13,976,000	32.2

(ii) Analysis of deferred income taxes

Deferred income taxes are applicable to:

	1980	1979
Reserve for mortgages allowed under S33 of the Income Tax Act (Canada)	$31,690,000	$26,662,000
Capital cost allowances applicable to equipment leases	51,996,000	49,198,000
Depreciation recorded but not claimed for tax purposes	(9,270,000)	(7,307,000)
Other items applicable to future years—net	1,408,000	(492,000)
	$75,824,000	$68,061,000

10. Other expenses

	1980	1979
Equipment—rental, depreciation, maintenance	$24,987,000	$20,503,000
Supplies and communication	16,824,000	14,631,000
Advertising, public relations and business travel	18,013,000	17,325,000
Legal, audit and other professional fees	5,121,000	3,257,000
Insurance, bank service charges and other financial expenses	3,504,000	2,400,000
Regulatory charges, licences and capital taxes	4,013,000	3,269,000
Amortization of goodwill	1,246,000	1,232,000
Staff recruitment, training and development	2,957,000	2,783,000
Miscellaneous	7,599,000	4,711,000
	$84,264,000	$70,111,000

11. Net income per common share

Basic and fully diluted income per common share are based upon the following number of shares.

	1980	1979
Basic—weighted monthly average number of shares outstanding	16,342,000	15,981,000
Additional shares pertaining to:		
—Conversion of preferred shares	1,044,000	
—Options	114,000	
Fully diluted	17,500,000	15,981,000

For purposes of calculating basic income per common share, net income has been reduced by dividends applicable to senior preferred shares ($4,723,000 for 1980 and $1,889,000 for 1979) and Series A and B preferred shares ($1,614,000 for 1980). Fully diluted, income per share is after deduction for dividends applicable to senior preferred shares only and include imputed income, net of income taxes, on cash which would have been received on the exercise of options. Imputed income, applicable to 1980 only, is $170,000, which is based upon a rate of return from the proceeds of options equivalent to that earned on the average value of investments during the year, less provision for applicable income taxes.

12. Pension Plan

The most recent actuarial valuation of the Company's pension plan was made by independent actuaries as at December 31, 1979 and showed no unfunded liability.

13. Directors and Officers

For the year ended December 31, 1980 the aggregate direct remuneration paid or payable by the Company to Directors and Officers was $1,461,000 and the estimated aggregate cost for the year of all pension benefits proposed to be paid to Officers on retirement at normal retirement age was $36,000.

Summary of Quarterly Earnings

(Dollars in thousands except earnings per share)

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Year	
	1980	1979	**1980**	1979	**1980**	1979	**1980**	1979	**1980**	1979
Income										
Financial intermediary services (net of int. paid)	**$26,780**	$24,784	**$31,228**	$28,116	**$34,489**	$28,937	**$38,587**	$28,539	**$131,084**	$110,376
Trust and other fiduciary services	**16,301**	15,647	**16,714**	16,058	**16,775**	15,088	**18,786**	16,831	**68,576**	63,624
Real estate, net of commissions paid	**7,307**	6,547	**12,135**	11,717	**17,416**	14,735	**14,242**	10,604	**51,100**	43,603
Computer services	**7,598**	5,082	**7,422**	5,113	**7,128**	6,132	**6,604**	6,928	**28,752**	23,255
Total income	**$57,986**	$52,060	**$67,499**	$61,004	**$75,808**	$64,892	**$78,219**	$62,902	**$279,512**	$240,858
Expenses										
Salaries and staff benefits	**$28,406**	$24,220	**$29,594**	$25,575	**$29,819**	$27,314	**$32,058**	$27,684	**$119,877**	$104,793
Premises, net after rental income	**6,366**	5,020	**6,677**	5,694	**6,734**	5,323	**7,270**	6,524	**27,047**	22,561
Provision for loan losses	**810**	417	**1,081**	1,081	**939**	1,105	**1,643**	1,668	**4,473**	4,271
Other expenses	**18,697**	16,179	**19,350**	17,101	**20,333**	16,545	**25,884**	20,286	**84,264**	70,111
Total expenses	**$54,279**	$45,836	**$56,702**	$49,451	**$57,825**	$50,287	**$66,855**	$56,162	**$235,661**	$201,736
	$ 3,707	$ 6,224	**$10,797**	$11,553	**$17,983**	$14,605	**$11,364**	$ 6,740	**$ 43,851**	$ 39,122
Other additions (deductions)										
Gains (losses) on investments	**610**	(106)	**730**	1,644	**2,679**	3,580	**2,587**	93	**6,606**	5,211
Foreign exchange adjustments	**(229)**	(409)	**1,174**	1,075	**1,047**	(18)	**419**	(1,700)	**2,411**	(1,052)
Gains (losses) on disposal of premises	**(126)**		**395**	91	**(12)**		**247**		**504**	91
Income before income taxes	**$ 3,962**	$ 5,709	**$13,096**	$14,363	**$21,697**	$18,167	**$14,617**	$ 5,133	**$ 53,372**	$ 43,372
Income taxes	**348**	1,966	**3,770**	5,006	**7,343**	6,547	**3,976**	457	**15,437**	13,976
Minority interest	**107**	92	**117**	84	**117**	110	**105**	102	**446**	388
Net income	**$ 3,507**	$ 3,651	**$ 9,209**	$ 9,273	**$14,237**	$11,510	**$10,536**	$ 4,574	**$ 37,489**	$ 29,008
Dividends to preferred shareholders	**1,178**	—	**1,177**	—	**1,778**	699	**2,204**	1,190	**6,337**	1,889
Earnings applicable to common shareholders	**$ 2,329**	$ 3,651	**$ 8,032**	$ 9,273	**$12,459**	$10,811	**$ 8,332**	$ 3,384	**$ 31,152**	$ 27,119
Earnings per common share										
—basic	**0.15**	0.23	**0.49**	0.58	**0.76**	0.68	**0.51**	0.21	**1.91**	1.70
—fully diluted	**0.15**	0.23	**0.49**	0.58	**0.75**	0.68	**0.49**	0.21	**1.88**	1.70

Five-Year Review (Dollars in thousands)

Year-End Position	1976	1977	1978	1979	**1980**
Assets					
Cash, bank deposits and treasury bills	$ 628,536	$ 680,600	$ 767,405	$ 833,031	**$1,281,513**
Securities	403,922	408,663	569,108	844,179	**1,249,352**
Mortgages	2,761,133	3,379,885	4,022,322	4,806,041	**5,055,556**
Other loans	233,163	145,830	224,277	337,303	**436,354**
Receivables under equipment leases	138,381	139,593	136,748	130,386	**128,241**
Other assets	104,133	112,410	117,406	113,060	**122,803**
	$4,269,268	$4,866,981	$5,837,266	$7,064,000	**$8,273,819**
Liabilities					
Deposits and borrowings	$4,034,498	$4,609,489	$5,557,145	$6,707,227	**$7,824,022**
Other liabilities	35,597	44,305	45,220	36,019	**43,546**
Deferred income taxes	37,295	48,453	56,042	68,061	**75,824**
Minority interest	10,482	6,776	5,595	5,602	**5,953**
	$4,117,872	$4,709,023	$5,664,002	$6,816,909	**$7,949,345**
Shareholders' Equity	$ 151,396	$ 157,958	$ 173,264	$ 247,091	**$ 324,474**
Total assets under administration (in billions)					
Estimated market value	$16.8	$19.2	$22.7	$25.8	**$31.3**

Results for year	1976	1977	1978	1979	**1980**
Income					
Financial intermediary services (net of int. paid)	$ 61,069	$ 78,874	$ 99,992	$110,376	**$131,084**
Trust and other fiduciary services	42,010	48,493	58,073	63,624	**68,576**
Real estate (net of commissions paid)	25,697	32,425	35,752	43,603	**51,100**
Computer services	15,314	14,787	16,799	23,255	**28,752**
Total income	$144,090	$174,579	$210,616	$240,858	**$279,512**
Expenses					
Salaries and staff benefits	$ 57,704	$ 72,606	$ 85,109	$104,793	**$119,877**
Premises (net after rental income)	11,401	17,055	19,583	22,561	**27,047**
Provisions for loan losses	1,403	2,968	2,347	4,271	**4,473**
Other expenses	39,980	50,752	57,575	70,111	**84,264**
Total expenses	$110,488	$143,381	$164,614	$201,736	**$235,661**
	$ 33,602	$ 31,198	$ 46,002	$ 39,122	**$ 43,851**
Other additions (deductions)					
Gains (losses) on investments	1,293	2,458	(594)	5,211	**6,606**
Foreign exchange adjustment	(1,135)	3,239	3,808	(1,052)	**2,411**
Gains on disposal of premises	189	42	1,103	91	**504**
Income before income taxes	$ 33,949	$ 36,937	$ 50,319	$ 43,372	**$ 53,372**
Income taxes	14,144	15,378	21,198	13,976	**15,437**
Minority interest	677	429	279	388	**446**
Net income (before extraordinary item in 1977)	$ 19,128	$ 21,130	$ 28,842	$ 29,008	**$ 37,489**
Dividends to preferred shareholders				1,889	**6,337**
Earnings applicable to common shareholders	$ 19,128	$ 21,130	$ 28,842	$ 27,119	**$ 31,152**
Earnings per common share					
—basic	$1.31	$1.33	$1.81	$1.70	**$1.91**
—fully diluted	$1.31	$1.33	$1.81	$1.70	**$1.88**

Profile 1980

The Royal Trust Group of Companies

ROYAL TRUSTCO LIMITED

Executive Office:
Toronto Dominion Bank Tower
Toronto-Dominion Centre
Toronto, Ontario
M5W 1P9

Board of Directors

*Kenneth A. White
Chairman of the Board
President and Chief Executive Officer

John M. Scholes
Senior Executive Vice-President and Chief Operating Officer

John D. Allan
President and Chief Operating Officer
Stelco Inc.

The Hon. R. James Balfour, *Senator*
Partner—Balfour, Moss, Milliken, Laschuk, Kyle, Vancise & Cameron
(Barristers and Solicitors)

Robert G. Bentall
President and Chief Executive Officer
The Bentall Group Inc.

G. Drummond Birks
President and Chief Executive Officer
Henry Birks & Sons Ltd.

*Donald N. Byers
Partner—Byers Casgrain
(Barristers and Solicitors)

†James M. Cameron
Executive Vice-President, Corporate
TransCanada PipeLines Ltd.

†*Alistair M. Campbell
Chairman of the Executive Committee
Sun Life Assurance Co. of Canada

†Keith Campbell
Deputy Director General, Corporate Administration, International Air Transport Association

Charles J. Clark
Senior Partner—McTague, Clark
(Barristers and Solicitors)

Henry Collingwood
Chairman
Baine, Johnston & Co. Ltd.

†*Fraser M. Fell
Partner—Fasken & Calvin
(Barristers and Solicitors)

†*Eric L. Hamilton
Retired
Formerly Chairman
Canadian Industries Ltd. (C.I.L. Inc.)

†*Conrad F. Harrington
Company Director

Frederick W. P. Jones
Financial Consultant

Egerton W. King
President
Canadian Utilities Limited

†Angus A. MacNaughton
Vice-Chairman and Chief Executive Officer, Genstar Ltd.

John F. McDougall
President
McDougall & Secord, Ltd.

*The Hon. Maurice Riel, *Senator*
Counsel and Partner—Stikeman, Elliott, Tamaki, Mercier & Robb
(Barristers and Solicitors)

David G. Waldon
Retired
Formerly Chairman and Chief Executive Officer
Interprovincial Pipe Line Ltd.

Allan Waters
President, CHUM Ltd.

*Marshall M. Williams
President and Chief Executive Officer
Calgary Power Ltd.

*Member of the Executive Committee

†Member of the Audit Committee

Honorary Directors

James B. Cross
Thomas W. Eadie
Charles P. Fell
Harold Husband
The Hon. George C. Marler
Jean Martineau
John W. McKee
Arthur C. Price

Officers

Chairman, President and Chief Executive Officer
Kenneth A. White

Senior Executive Vice-President and Chief Operating Officer
John M. Scholes

Executive Vice-Presidents
Richard T. La Prairie
Finance and Chief Financial Officer

Ewart A. Wickens
International Banking Operations

Group Vice-President
F. Sandy Milligan
Organization and Personnel Planning

Vice-Presidents
Lauchlin A. Chisholm
Public Relations

H. Dennis Madden
International Banking

C. Terrill Manning
Secretary

Harry E. Trenholme
International Services

Assistant Vice-Presidents
H. Richard Gourlay
Audit

David Lebbell
Corporate Tax Services

Assistant Secretary
Nicolas W. R. Burbidge

Principal Subsidiaries

ROYAL TRUST CORPORATION OF CANADA

Head Office:
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Toronto Dominion Square
Calgary, Alberta
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Executive Office:
Toronto Dominion Bank Tower
Toronto-Dominion Centre
Toronto, Ontario
M5W 1P9

Board of Directors

Kenneth A. White
Chairman of the Board

John M. Scholes
President and Chief Executive Officer

John H. Matthews
Senior Executive Vice-President and Chief Operating Officer

John D. Allan
The Hon. R. James Balfour
Robert G. Bentall
G. Drummond Birks
Donald N. Byers
James M. Cameron
Alistair M. Campbell
Keith Campbell
Charles J. Clark
Henry Collingwood
Fraser M. Fell
Eric L. Hamilton
Conrad F. Harrington
Frederick W. P. Jones
Egerton W. King
Angus A. MacNaughton
John F. McDougall
The Hon. Maurice Riel
David G. Waldon
Allan Waters
Marshall M. Williams

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Chairman of the Board
Kenneth A. White

President and Chief Executive Officer
John M. Scholes

Senior Executive Vice-President and Chief Operating Officer
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Executive Vice-President
Alan Purdy
Real Estate and Mortgages

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Regional Operations

G. Roger Otley
Investments and Trust Services

Ian D. Sneddon
Marketing and Money Service

Senior Vice-President
Charles C. de Léry
Administration

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Mortgages

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Investments

M. Fraser Blakely
Pension Trust Services

John A. Burleton
Manager, Metro Toronto Region

David R. Cooper
Profitability Planning

Nicholas R. D. Dennys
Western Region

W. Brian Hayman
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Treasurer

George Mitchell
Ontario Region

George F. Publicover
Atlantic Region

Claude M. Root
Real Estate

Glyn Smallwood
Trust Development, Western Region

Robert S. Traquair
European Region

Andrew M. Wyszkowski
Information Systems

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Arthur H. Clairman

Assistant Vice-Presidents
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Fixed Income Securities

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Residential Sales (Eastern Canada)

Robert F. Cupit
Money Service

James A. C. Ferenbach
Comptroller

James A. Gordon
Corporate Development, Pension Division

V. Geoffrey Hobbes
Investments

Jacques G. Lebeuf
Alberta Region

Stanley Litwin
I.C. & I. Real Estate

Charles F. Macfarlane
Personal Trust

A. Donald Manchester
Residential Sales (Western Canada)

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Pacific Region

W. John Pritchard
Consumer Credit

D. Donald Ross
Manitoba and Saskatchewan Region

H. Thomas Tucker
Property Investment Services

George Wiebe
Corporate Trust Services

Secretary
Nicolas W. R. Burbidge

Branches and Advisory Boards

Atlantic Region
Centennial Building
1660 Hollis Street
Halifax B3J 1V7
George F. Publicover,
Regional Vice-President

BRANCHES

Newfoundland
ST. JOHN'S
Royal Trust Building
139 Water Street (A1C 1B2)
Glen S. Scollon, Manager

Advisory Board:
Glen S. Scollon, Chairman
Wilfrid J. Ayre
Charles R. Bell
Henry Collingwood
Harold L. Lake
William W. Marshall
John J. Murphy
James W. Parker
Ian J. Reid
Frederick W. Russell

New Brunswick
SAINT JOHN
Brunswick House
1 King Street (E2L 1G1)
Peter W. Carrodus, Manager

Advisory Board:
Peter W. Carrodus, Chairman
J. Eric Cormier
Harold C. Gunter
E. Neil McKelvey
Philip W. Oland
Winston A. Steeves
Joseph V. Streeter
John R. Willett
Keith M. Wilson

Nova Scotia
HALIFAX
Centennial Building
1660 Hollis Street (B3J 1V7)
James R. Beasant, Manager

Advisory Board:
James R. Beasant, Chairman
C. Wilmot Dean
Leonard A. Kitz
George Mitchell
Derek Oland
John W. Snook
William J. Stephens
Joseph Zatzman
Sherman F. H. Zwicker

Prince Edward Island
CHARLOTTETOWN
72 University Avenue (C1A 7M3)
Robert E. Anderson, Manager

Toronto Metro Region
TORONTO BRANCH
Royal Trust Tower
Toronto-Dominion Centre
Toronto M5W 1P9
John A. Burleton, Regional Vice-President and Branch Manager

Advisory Board:
John A. Burleton, Chairman
Robert A. Cranston
John F. Ellis
Harold T. Fargey
Charles P. Fell
Lawson A. Kaake
John P. G. Kemp
John W. McKee
David G. Waldon

Ontario Region
Royal Trust Tower
Toronto-Dominion Centre
Toronto M5W 1P9
George Mitchell, Regional Vice-President

BRANCHES

HAMILTON
Stelco Tower
Lloyd D. Jackson Square
100 King Street West (L8P 1A2)
Allan C. McKean, Manager

Advisory Board:
Allan C. McKean, Chairman
John D. Campbell
Roy G. Cole
Ronald K. Fraser
Thomas E. Nichols
Trumbull Warren

KINGSTON
100 Princess Street (K7L 1A7)
Murray H. Dittburner, Manager

Advisory Board:
Murray H. Dittburner, Chairman
Douglas G. Cunningham
Michael R. L. Davies
William A. Kelly
John J. MacKay
Lawrence G. Macpherson
Dr. John A. Milliken

KITCHENER
73 King Street West (N2G 1A7)
Eric J. Dorman, Manager

Advisory Board:
Eric J. Dorman, Chairman
Stuart R. Goudie
Hartman H. L. Krug
Dr. H. John Lackner
Theodore A. Witzel
John A. Young

LONDON
137 Dundas Street (N6A 1E9)
Robert S. Hannen, Manager

Advisory Board:
Robert S. Hannen, Chairman
Donald H. Anderson
George H. Belton
Francis W. Dowler
David M. Gunn
Frederick W. P. Jones
Roland W. Meeke
John F. Quinney

OTTAWA
76 Metcalfe Street (K1P 5L8)
William D. Gordon, Manager

Advisory Board:
William D. Gordon, Chairman
Alistair M. Campbell
L.Gen. Frank J. Fleury
David A. Golden
Gordon F. Henderson
M.Gen. Harry F. G. Letson
George Perley-Robertson
Fletcher W. Troop
Andrew B. Weir
Richard P. White

PETERBOROUGH
Peterborough Square
360 George Street North
(K9H 7E7)
Barron K. Cowan, Manager

ST. CATHARINES
4 Queen Street (L2R 5G3)
Uel R. Van Sickle, Manager

Advisory Board:
Uel R. Van Sickle, Chairman
James B. Brown
David A. Macfarlane
Alan S. Notman
Philip H. Sullivan

SARNIA
201 N. Front Street (N7T 5S4)
Gordon D. Morrison, Manager

Advisory Board:
Gordon D. Morrison, Chairman
Charles O. Fairbank
Gordon Ferguson
Gordon H. Findlay
C. Howard Huctwith
Herbert S. Matthews
George W. Parker
Stanley Wilk

SAULT STE. MARIE
350 Queen Street East (P6A 1Z1)
Andrew S. Graham, Manager

Advisory Board:
Andrew S. Graham, Chairman
Robert L. Curran
William M. Hogg
Douglas C. Joyce
Leonard N. Savoie

THUNDER BAY
202 Red River Road (P7B 1A4)
John W. Corbishley, Manager

Advisory Board:
John W. Corbishley, Chairman
Charles J. Carter
John N. Paterson
William J. R. Paton
Robert J. Prettie

WINDSOR
315 Ouellette Avenue (N9A 4J1)
Wayne M. Pritchard, Manager

Advisory Board:
Wayne M. Pritchard, Chairman
Charles J. Clark
Alfred E. Downing
Robert F. Kiborn

Western Region

700 The Dome Tower
Toronto Dominion Square
Calgary T2P 2Z1
Nicholas R. D. Dennys,
Regional Vice-President

BRANCHES

Manitoba

WINNIPEG
330 St. Mary Avenue (R3C 3Z5)
D. Donald Ross, Assistant Vice-President and Branch Manager

Advisory Board:
D. Donald Ross, Chairman
Samuel N. Cohen
A. Searle Leach, Jr.
J. Derek Riley
Stewart A. Searle, Jr.
George H. Sellers

Saskatchewan

REGINA
1862 Hamilton Street (S4P 2B8)
Laurier A. Carrière, Manager

Advisory Board:
Laurier A. Carrière, Chairman
The Hon. R. James Balfour
Dr. E. William Barootes
Charles H. Knight
Jack J. Sharp
Gordon W. Staseson

SASKATOON
Midtown Plaza (S7K 1J9)
Edward V. Zinkiewich, Manager

Advisory Board:
Edward V. Zinkiewich, Chairman
Jack M. Byers
Warren C. Champ
Robert H. McKercher
G. Blair Nelson

Alberta

CALGARY
700 The Dome Tower
Toronto Dominion Square
(T2P 2Z1)
Jacques G. Lebeuf, Assistant Vice-President and Branch Manager

Advisory Board:
Jacques G. Lebeuf, Chairman
Albert T. Baker
Robert G. Black
James B. Cross
Norris R. Crump
Frederick A. McKinnon
David E. Mitchell
Alastair H. Ross
Marshall M. Williams

EDMONTON
400 Royal Trust Tower
Edmonton Centre (T5J 2Z2)
Philip S. H. Brodie, Manager

Advisory Board:
Philip S. H. Brodie, Chairman
Harry Hole
Egerton W. King
John F. McDougall
William S. McGregor
G. Richard A. Rice

LETHBRIDGE
740 - 4 Avenue South (T1J 0N9)
David Laycock, Manager

Advisory Board:
David Laycock, Chairman
Thad O. Ives
Hugh H. Michael
Walter R. Ross
Ralph A. Thrall

British Columbia

KELOWNA
248 Bernard Avenue (V1Y 6N3)
Ronald L. Fowler, Manager

Advisory Board:
Ronald L. Fowler, Chairman
Ian F. Greenwood
Dr. Harold R. Henderson
John D. Hindle
J. Bruce Smith
Richard J. Stewart

VANCOUVER
Royal Trust Tower
Bentall Centre
555 Burrard Street (V7X 1K2)
William J. Noble, Assistant Vice-President and Branch Manager

Advisory Board:
William J. Noble, Chairman
Robert G. Bentall
A. John Ellis
Mark H. Gunther
The Hon. John L. Nichol
John G. Prentice
John H. Salter
The Hon. James Sinclair

VICTORIA
1205 Government Street
(V8W 1Y5)
Alan G. Aldous, Manager

Advisory Board:
Alan G. Aldous, Chairman
David Angus
John W. Bayne
S. Joseph Cunliffe
R.Adm. James C. Hibbard (Ret'd)
Harold Husband
Hector C. Stone

Royal Trust Representative in California:
Frank R. Southee
P.O. Box 28081
San Diego 92128

THE ROYAL TRUST COMPANY

Head Office:
630 Dorchester Boulevard West
Montreal, Quebec
H3B 1S6

Board of Directors

Kenneth A. White
Chairman of the Board

John M. Scholes
President and Chief Executive Officer

John D. Allan
The Hon. R. James Balfour
Thomas R. Bell
Jean A. Béliveau
G. Drummond Birks
Donald N. Byers
Alistair M. Campbell
Keith Campbell
Charles C. de Léry
Jacques Dionne
Fraser M. Fell
Jean H. Fournier
Eric L. Hamilton
Conrad F. Harrington
Frederick W. P. Jones
John H. Matthews
The Hon. Maurice Riel
Pierre Taschereau

Officers

Chairman
Kenneth A. White

President and Chief Executive Officer
John M. Scholes

Senior Vice-President
Jacques Dionne
Operations

Vice-Presidents
André Forest
Administration, Lending and Secretary-Treasurer

Philip E. Johnston
Montreal Region and Manager, Montreal Branch

Branches and Advisory Boards

MONTREAL
630 Dorchester Boulevard West
(H3B 1S6)
Philip E. Johnston, Regional Vice-President and Branch Manager

QUEBEC
Royal Trust Building
1120 Chemin St. Louis
Sillery (G1S 1E5)
Henri C. Renaud, Manager

Advisory Board:
Henri C. Renaud, Chairman
Paul A. Audet
Stanley E. Brock
Pierre Côté
Jacques de Billy
Roger Létourneau

SHERBROOKE
Royal Trust Building
25 Wellington Street North
(J1H 5B3)
Gilles Girard, Manager

Advisory Board:
Gilles Girard, Chairman
B.Gen. Jean P. Gautier
Raymond Martin
David M. Stearns
Mortimer M. Vineberg

TROIS-RIVIERES
Royal Trust Building
1300 Notre Dame Street
(G9A 5M7)
W. Daniel Villeneuve, Manager

Advisory Board:
W. Daniel Villeneuve, Chairman
Gen. Jean Victor Allard
Pierre Lajoie
Pierre Leblanc

COMPUTEL SYSTEMS LTD.

Head Office:
Place de Ville
112 Kent Street
Ottawa, Ontario
K1P 5P2

President and Chief Executive Officer
Edward P. Cannon

96% owned, Computel provides a broad range of data-processing, programming, data entry, facilities management, consulting and educational services to industrial, commercial and government clients. The company has several major operating divisions—Computel Systems, Data Logic Canada, Dominion Computer Support Services, Computel (Saudi Arabia) and Triquetra Services—and a subsidiary in London, England.

Board of Directors

David A. Golden, Chairman
Frederick B. Brooks-Hill
Bruce D. Campbell
Edward P. Cannon
John P. G. Kemp
John H. Matthews
Charles E. O'Connor
G. Roger Otley
John M. Scholes
Kenneth A. White

THE ROYAL TRUST COMPANY MORTGAGE CORPORATION

Royal Trust Tower
Toronto-Dominion Centre
Toronto M5W 1P9

Executive Vice-President
Keith C. Pilley

99.9% owned by Royal Trust the company raises funds through the issuing of debentures and short-term notes and invests these funds chiefly in first mortgages.

Board of Directors

Donald N. Byers
Alistair M. Campbell
Fraser M. Fell
Eric L. Hamilton
Conrad F. Harrington
Richard T. La Prairie
The Hon. George C. Marler
Keith C. Pilley
The Hon. Maurice Riel, Senator
John M. Scholes
Kenneth A. White
Ewart A. Wickens
Marshall M. Williams

ROYAL TRUST ENERGY CORPORATION

829 The Dome Tower
Toronto Dominion Square
Calgary, Alberta T2P 2Z3

Vice-President, Operations
Marcel Tremblay

This wholly-owned subsidiary acts as adviser to Royal Trust E Fund, and other Royal Trust clients, with respect to energy-related investments.

Board of Directors

John H. Matthews, Chairman
Lee Bentley
Nicholas R. D. Dennys
G. Roger Otley
John M. Scholes
Marcel Tremblay
Kenneth A. White

ROYAL AGENCIES LTD.

630 Dorchester Boulevard West
Montreal, Quebec
H3B 1S6

Manager and Corporate Secretary
Hilda McCallum

Wholly-owned, Royal Agencies acts as a broker for all classes of insurance business.

Directors
Jacques Dionne
Charles C. de Léry
Philip E. Johnston
Patrick L. E. McAvoy
Hilda McCallum

ROYAL TRUST BANK CORP.

701 Southwest 27 Avenue
Miami, Florida 33135
U.S.A.

Executive Vice-President and Chief Executive Officer
Jerry F. Gilliam

The Florida bank holding corporation for Royal Trust banks within the state of Florida.

Board of Directors

Kenneth A. White, Chairman
Jerry F. Gilliam
Eric L. Hamilton
Allen I. Isaacson
Richard T. La Prairie
John M. Scholes
Ewart A. Wickens

Royal Trust Bank of Miami, N.A.
627 Southwest 27 Avenue
Miami 33135
J. Weston Field, President and Chief Executive Officer

Directors:
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Jerry F. Gilliam
Edmond J. Gong
Herbert M. Levin
William L. Pallot
Samuel Seitlin
Theodore W. Slack, Sr.
Theodore Spak

Royal Trust Bank of Broward County
7841 Pines Boulevard
Pembroke Pines 33024
Stephen H. Barnett, President and Chief Executive Officer

Directors:
Stephen H. Barnett
John C. Chinelly, Jr.
Jerry F. Gilliam
Kenneth O. Jenne

Royal Trust Bank of Palm Beach, N.A.
411 South County Road
Palm Beach 33480
H. Loy Anderson, Jr., President and Chief Executive Officer

Directors:
George C. Slaton, Chairman
H. Loy Anderson, Jr.
Guilford Dudley, Jr.
Homer H. Marshman
Jesse D. Newman

Royal Trust Bank of Tampa
302 North Dale Mabry Highway
Tampa 33609
Jerry F. Gilliam, President and Chief Executive Officer

Directors:
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Joe B. Cordell
Jerry F. Gilliam
George A. Levy
Thomas C. MacDonald, Jr.

Royal Trust Bank of St. Petersburg
2001 - 49 Street South
Gulfport 33707
Harry C. Teague, President and Chief Executive Officer

Directors:
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Robert W. Caldwell, Jr.
Jerry F. Gilliam
William H. Langhoff
Harry C. Teague

Royal Trust Bank of Jacksonville
9225 Baymeadows Road
Jacksonville 32216
Art G. Ereckson, President and Chief Executive Officer

Directors:
Jack C. Demetree, Chairman
Art G. Ereckson
Joseph C. Gill
Walter L. Harvey
George A. Helow
John E. Matthews, Jr.
Edward W. Starkey

Royal Trust Bank of Orlando
7950 South Orange Blossom Trail
Orlando 32809
Larry Godwin, Chairman of the Board and President

Directors:
Larry Godwin, Chairman
Wilson Green, Jr.
Dale C. Higgins
Clarence L. Ivey
Thomas H. McLaughlin
Richard S. Swann

ROYAL TRUST COMPANY OF CANADA (EUROPE) LIMITED

Royal Trust House
48/50 Cannon Street
London, England
EC4N 6LD

Vice-President
Robert S. Traquair

Royal Trust's operations in Europe are co-ordinated from this London-based subsidiary. Royal Trust offers banking, trust, investment management and tax planning services through its European subsidiaries.

Board of Directors

Gordon W. P. Camble
John M. Scholes
Robert S. Traquair
Kenneth A. White
Ewart A. Wickens

The Royal Trust Company of Canada

Royal Trust House
48/50 Cannon Street
London EC4N 6LD

Directors:
Sir Francis Sandilands, Chairman
David L. Donne
Marcus R. Kimball
W. Geoffrey Kneale
John M. Scholes
Jean B. Solandt
Colin S. R. Stroyan
Robert S. Traquair, Managing Director
Kenneth A. White
Ewart A. Wickens

RoyTrust Financial Services Limited

Royal Trust House
48/50 Cannon Street
London EC4N 6LD

Directors:
Roger T. J. Bence
Gordon W. P. Camble
Trevor J. Downing

Royal Trust Bank (Jersey) Limited

P.O. Box 194
Royal Trust House
Colomberie
St. Helier, Jersey,
Channel Islands

Directors:
Senator Reginald R. Jeune, Chairman
Malcolm G. Gates, Managing Director
W. Geoffrey Kneale
Sir Robert Le Masurier
Sir Robert Marett
Francis Perrée
John M. Scholes
Robert S. Traquair
Kenneth A. White
Ewart A. Wickens

The Royal Trust Company of Canada (C.I.) Ltd.

P.O. Box 194
Royal Trust House
Colomberie
St. Helier, Jersey,
Channel Islands

Directors:
Senator Reginald R. Jeune, Chairman
Malcolm G. Gates, Managing Director
Sir Robert Le Masurier
Sir Robert Marett
Francis Perrée
John M. Scholes
Kenneth A. White
Ewart A. Wickens

Royal Trust Bank (Ireland) Limited

Royal Trust House
10/12 Lansdowne Road
Dublin 4, Ireland

Directors:
John H. Donovan, Chairman
Brian Doyle, Managing Director
William Griffin
Sean Healy
Kevin Mulcahy
John M. Scholes
Robert S. Traquair
Alan W. Warnock
Kenneth A. White
Ewart A. Wickens

Royal Trust Financial Services Limited

Royal Trust House
10/12 Lansdowne Road
Dublin 4, Ireland

Directors:
John H. Donovan, Chairman
Brian Doyle, Managing Director
Robert S. Traquair

Royal Trust Bank (Isle of Man)

46 Athol Street
Douglas, Isle of Man

Directors:
Edward R. M. Gawne, Chairman
Eric S. Behn
Roy K. Eason
Andrew J. Hall
Edward S. Plummer, Managing Director
John M. Scholes
Gerrard Smith
Robert S. Traquair
Kenneth A. White
Ewart A. Wickens

The International Royal Trust Company A.G.

Am Schragen Weg 2, FL-9490
Vaduz, Liechtenstein

Directors:
Dr. Gerard Batliner
Gordon W. P. Camble
Malcolm G. Gates
John M. Scholes
Dr. Jean-Marc Vuille
Kenneth A. White

The Royal Trust Company (International) Limited

P.O. Box N-7768
Bank Lane
Nassau, Bahamas
Denis A. Catt, Vice-President

ASSOCIATED COMPANIES

BM-RT Ltd.

129 St. James Street
Montreal, Quebec
H2Y 1L6

BM-RT Ltd. is jointly owned with the Bank of Montreal. It functions as adviser and fund-raiser to BM-RT Realty Investments, an independent real estate investment Trust (REIT) which invests in residential first mortgages in Canada. Royal Trust and the Bank of Montreal have undertaken to maintain the Trust's portfolio fully invested.

Insmor Holdings Limited

Royal Trust Tower
Toronto-Dominion Centre
Toronto, Ontario
M5K 1E7

Insmor Holdings Limited is the parent company of Insmor Mortgage Insurance Company.

Bahamas International Trust Company Limited

P.O. Box N-7768
Bank Lane
Nassau, Bahamas

International Trust Company of Bermuda

Mercury House, Front Street
P.O. Box 1255
Hamilton 5, Bermuda

Cayman International Trust Company Limited

P.O. Box 500
Grand Cayman
Cayman Islands

Royal Trust on the Map

Branches

Canada	Full Service	Combined Moneyservice and Real Estate	Moneyservice only	Real Estate only
Newfoundland	1	—	1	2
New Brunswick	1	1	1	2
Nova Scotia	1	1	1	3
Prince Edward Island	1	—	—	1
Quebec	4	9	10	35
Ontario	12	10	40	56
Manitoba	1	—	1	5
Saskatchewan	2	—	—	2
Alberta	3	2	6	20
British Columbia	3	4	1	12

Florida	
Banks and branches:	
Miami	3
Hialeah	1
Pembroke Pines	1
Ft. Lauderdale	1
Palm Beach	1
Boca Raton	1
West Boca Raton	1
Tampa	3
Gulfport	2
St. Petersburg Beach	1
Clearwater	1
Jacksonville	1
Orlando	2

Europe

Subsidiary banks and trust companies in:

England
Jersey, C.I.
Ireland
Isle of Man
Liechtenstein

Subsidiary and associated companies in:

Bahamas, Cayman Islands and Bermuda

Staff and Offices

	Salaried Staff	Commissioned Staff Real Estate Sales	Staff Total	Offices
1976	4,466	3,349	7,815	236
1977	4,916	3,208	8,124	247
1978	5,042	3,474	8,516	263
1979	5,521	3,613	9,134	285
1980	5,532	3,848	9,380	297

Services

Financial Services

Savings and chequing accounts
Guaranteed Investment Certificates
Managed Funds
Lending services including personal loans, mortgage loans and loans for tax-sheltered services

Tax-Sheltered Services

Registered Retirement Savings Plans
Registered Home Ownership Savings Plans
Income-averaging annuity contracts
Fixed term annuity contracts
Registered Retirement Income Funds

Personal Trust Services

Estate and will planning
Executor and trustee
Agent for executor or heirs
Investment management
Custodian service
Personal holding companies
Income tax service
Lifetime trusts or donations
Self-Directed Retirement Savings Plans

Pension Management Services

Trustee, custodian and investment services for employee benefit plans and resident and non-resident insurance company assets

Investment Services

Managed investment funds (A, B, C, E, M and R)
Guaranteed Investment Certificates
Income-averaging annuity contracts
Fixed-term annuity contracts
Investment management
Management and custodianship of securities

Business Services

Business chequing accounts
Corporate loans
Financial agent for overseas employees
Group retirement savings plans
Management and custodianship of endowment funds and collections of pledges for religious, charitable, educational and other organizations
Trustee and custodian for pension and other employee benefit plans

Corporate Trust Services

Transfer agent and registrar for shares
Trustee for bondholders and registrar for bonds
Disbursing agent for dividends and interest
Subscription and rights agent
Depositary
Escrow agent
Dividend reinvestment services

Computer Services

Application software
Data base management systems
Data storage systems
Facilities management
Systems design
Data communications services
Computer programming

Real Estate Services

Property sales
Property leasing
Property investment
Property management
Appraisals
Employee relocation
Mortgage financing
Bridge financing (subject to availability of funds)
Industrial and commercial sales
Resort time-sharing sales
Telex referral system
Real estate publications including Royal Trust Survey of Canadian House Prices and The Royal Trust Focus on Real Estate: Current Perspectives of Canadian Real Estate

International Services

Royal Trust offers a varied range of international services through its network of subsidiaries in England, Channel Islands, Ireland, Isle of Man, Liechtenstein and our banks in Florida, U.S.A. We also have affiliates in the Bahamas, Bermuda, and the Cayman Islands.

Royal Trust also provides the following Canadian services for individuals and corporations abroad:

Investment management
Custodian facilities for securities
Pension and employee benefit plan trusteeship
Term deposits
Real estate services
Expatriate savings plans

Corporate Information

Executive Office:

Toronto Dominion Bank Tower
Toronto-Dominion Centre
Toronto, Ontario
M5W 1P9

Registered Office:

76 Metcalfe Street
Ottawa, Ontario
K1P 5L8

Auditor:

Clarkson Gordon,
Toronto, Ontario

Transfer Agents and Registrars:

Royal Trust Corporation of Canada, Halifax, Toronto, Winnipeg, Regina, Calgary and Vancouver; The Royal Trust Company, Montreal

Stock Exchange Listings:

Toronto, Montreal, Alberta and Vancouver Stock Exchanges

Symbols:

Common Shares—RYL.A
Preferred Shares—RYL.P

Ownership:

As at December 31, 1980 Royal Trustco had 6,652 registered common shareholders of which 98.6% had registered addresses in Canada.

Member, Trust Companies Association of Canada

Version française:

Le vice-président et secrétaire se fera un plaisir de faire parvenir un exemplaire de ce rapport en français aux personnes qui en feront la demande.

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Rous, Mann & Brigdens Limited, Toronto

Photography:
Ken Bell, Toronto
Bill Schild, Miami

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